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Air Attacks In Bosnia Seem Near

Order Hangs on Actions By Serbs in Safe Havens And Go-Ahead From UN

By Joseph Fitchett
International Herald Tribune
PARIS — At U.S. urging, the main European allies have agreed on the necessity to order NATO air power into action in Bosnia if Serbian forces continue to interfere with the international relief destined for Sarajevo and smaller Muslim-controlled enclaves, Western officials said Sunday.
Military intervention could now come as early as this week, the officials predicted, assuming that a meeting of North Atlantic Treaty Organization officials on Monday completes air-strike arrangements that minimize any risk of Serbian reprisals against United Nations peacekeeping troops on the ground.
The start of attacks on ground positions still requires approval from the United Nations in the form of a final go-ahead by Secretary-General Boutros Boutros Ghali. U.S. officials confirmed this weekend.
The officials added that they did not expect Mr. Boutros Ghali to block a decision to send NATO into action if Serbian forces challenged UN operations further.
Once combat started, operations would be under NATO command, in accordance with political guidelines largely dictated by the United States, France and Britain, the main countries involved.
Still sounding hopeful that military threats could deliver a peace settlement short of actual intervention, President Bill Clinton said Sunday that signs of Western readiness to act appeared to have produced a better negotiating climate in the Geneva talks among Bosnia's Muslims, Serbs and Croats.
"I would certainly hope that nothing would be done to let up on the pressure," he added in a comment that appeared to confirm the White House's rejection of lower-ranking officials' suggestions that U.S. air power might be used alone.
Mr. Clinton claimed credit for the Western allies' tougher line, saying that "the good news is that the NATO allies have gone along with us and that the United Nations at least seems open to a more aggressive position" in standing up to Serbian forces.
In all likelihood, Western military planners have concluded, this forceful action, involving NATO air power and resistance by UN ground troops, will be necessary to prevent the victorious Bosnian Serbian militias from extinguishing Muslim resistance, including in Sarajevo.
At earlier stages in the conflict, Western

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General Ratko Mladic, center, commander of Bosnian Serbs, arriving at Sarajevo airport Sunday to meet Croats and Muslims. The general said he had reached agreement with UN forces on a phased pullout from two strategic mountains overlooking Sarajevo. Page 5.

Palestinian Negotiators Threaten to Quit

By David Hoffman
Washington Post Service

JERUSALEM — Three leading Palestinian negotiators in the peace talks with Israel left for Tunis on Sunday, intending to offer their resignations to Yasser Arafat, the Palestine Liberation Organization chairman, in what sources here described as a major dispute over who will make decisions for the Palestinians.
Faisal Husseini, who has become the leader of the delegation; Hanan Ashrawi, the spokeswoman; and Saeb Erekat, the deputy head of the delegation, decided on Saturday to resign as a group.
Some Israeli officials said that if the resignations are accepted, Israel may have no choice but to talk directly to Mr. Arafat. For months, Israelis in Israel have been pushing for such direct talks, but the government of Prime Minister Yitzhak Rabin has refused.
Palestinian sources said the resignations were intended as a protest because Mr. Arafat at-

tempted to bypass the delegation during Secretary of State Warren M. Christopher's recent visit to the region last week.
But the threatened resignations also reflect a deep-seated tension between the Palestinians inside the Israeli-occupied territories and those outside who fear they will be sidetracked.
Such strains were evident during the Palestinian uprising, which was launched by Palestinians inside the territories and caught the PLO outsiders off guard. The tensions continued in the last two years as a group of Palestinians inside the territories helped create, then participate in, the Madrid peace process.
Haider Abdel-Shafi, initially head of the delegation but who has more recently kept a distance from it, was also called to the PLO headquarters Sunday for talks on the crisis.
Before leaving, Mr. Abdel-Shafi told reporters at his home in Gaza City. "There are different views between the delegation and the Palestinian leadership."

He predicted that the resignations would not be accepted, and other Palestinians described the move as chiefly a protest against the PLO leadership in Tunis. Although the resignations, if accepted, would be a serious setback to the peace process, Palestinians here said the three delegates are all personally committed to the process, even at a time when many others are growing skeptical.
In Jordan, on their way to Tunis, the three delegates did not comment on their resignations. Mrs. Ashrawi said: "There are serious internal Palestinian issues that have to be addressed and they will be addressed in a responsible and discreet manner."
According to the Palestinians here, the latest flare-up between the insiders and the PLO officials came during Mr. Christopher's visit. At issue was how the Palestinians should respond to a U.S. proposal made earlier for a joint declaration of common principles between Palestinians and Israelis.

Victorious on Budget, Clinton Is Still Facing Uphill Fight on Deficit

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — A new and strongly partisan battle over further cuts in the federal budget will begin this autumn, White House and congressional leaders indicated Sunday, and the probable focus will be big social insurance programs.
This means that even though President Bill Clinton managed to get his budget-reduction package passed by Congress — with Vice President Al Gore deciding a 50-to-50 deadlock in the Senate on Friday night — the struggle over government debt is far from over, despite Mr. Clinton's fervent wish to shift the agenda to health care, free trade with Mexico, crime and welfare.
The targeted social programs — including Social Security, veterans' and military retirement benefits, the Medicare and Medicaid health-care systems, and similar "entitlements" — are the biggest force behind the growth of the debt.
But the programs have been politically untouchable for decades, especially among liberal Democrats. One cabinet official said he doubted that the White House would urge major entitlement cuts.
Some influential members of Congress said Sunday that they supported trimming the growth in these huge programs by shrinking benefits for the wealthy or cutting the cost-of-living increases that expand government benefits annually to keep pace with inflation.
Others said they preferred an across-the-board cut for all federal agencies.
"President Clinton is going to be introducing spending cuts," Vice President Gore said in a broadcast interview. "I don't think we can take entitlements out of the equation."
A further round of belt-tightening was the key promise Mr. Clinton made last week to wavering Democrats as he lobbied for his five-year budget plan. The package, which aims to cut \$500 billion from the annual federal deficits, passed by two votes in the House before the Senate action. Opposition from Republicans was unanimous.
That opposition could continue well into the autumn. On Sunday, Bob Dole of Kansas, the Senate Republican leader, vehemently rejected the idea of voting for more spending cuts without reversing the increased taxes that accompanied Mr. Clinton's initial budget.
"If they expect Republicans to line up now and vote for all the spending cuts after they've imposed these big, big, heavy taxes," Mr. Dole said, "there may be some more persuasability."
Mr. Gore said he was "disappointed" at Mr. Dole's response.
The continuing anti-tax sentiment will undoubtedly have an impact on Mr. Clinton's

forthcoming health-care plan. Treasury Secretary Lloyd Bentsen said that the president would rely on virtually no new taxes except an additional levy on cigarettes. Employer costs will be raised to pay for the millions of people without insurance, he said, although small businesses will be provided subsidies.
Another top official said the health plan would also be financed through spending cuts, thus raising the prospect of a fight in Congress over whether fresh cuts should be applied to the deficit or to finance a new health-care system.
The pivotal Democratic senator in Mr. Clinton's budget victory last week, Senator Bob

Why did the senator known as "Cosmic Bob" take so long to rescue the budget? Page 3.

Tax rises for the rich could have repercussions for the stock and bond markets. Page 9.

Kerry of Nebraska, said Sunday that Congress should consider reducing entitlement spending by cutting annual cost-of-living increases by one or two percentage points. He also said wealthier Americans should be required to forgo some benefits under the Medicare program for the elderly. And he said that Congress should roll back its pay and cut its staff.

Mr. Kerry was among those who exacted a promise from the president to revisit spending cuts this autumn. The swing vote in the House was cast by a Pennsylvania Democrat, Marjorie Margulies-Mezvinsky, who said afterward that, in return, the president had promised to seek further entitlement cuts.

For his part, the president declared in a radio address on Saturday: "We'll continue to look for ways to further cut unnecessary spending and trim waste."

The speaker of the House, Thomas S. Foley of Washington, said Sunday that he had promised, in writing, to give House members an opportunity to vote for cuts in entitlements this autumn.

According to Mr. Foley, the knife will fall in early October. First, the White House will present to Congress a list of cuts it wants in programs that have already been funded. Second, the White House says it will present a plan to streamline the federal bureaucracy and achieve additional cuts. Finally, the Democratic leadership in Congress has agreed to allow a limited number of amendments to reduce entitlements.

Mr. Foley conceded that it would be "politically extremely difficult" to limit entitlements. Mr. Bentsen said that the major cuts had been achieved in last week's vote and that he doubted cost-of-living adjustments would be

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Era of Gloom Descends Across Western Europe

By Craig R. Whitney
New York Times Service

BONN — Four years after the Berlin Wall came down and leaders proclaimed a new era of freedom and prosperity, Western Europe is transfixed by gloom.
The region is staggering through its worst recession since World War II, and unemployment is straining its social services to the breaking point.
Instability and violent nationalism in southeastern Europe have prompted hundreds of thousands of refugees to pour westward, setting off a racist backlash in Germany, France and even Denmark.
"A sense of angst and insecurity prevails about the ghosts of Europe's destructive past. The North Atlantic Treaty Organization, guardian of Europe's security during the Cold War, stood by for 16 months as Serbian nationalists overran more than 70 percent of Bosnia-Herzegovina in their drive to carve out a "Greater Serbia."
Many West Europeans are baffled by the failure of their leaders and postwar institutions to meet threats from economic instabil-

ity, resurgent nationalism and ethnic violence they little expected four years ago. Opinion polls show sharp declines in the popularity of the parties in power.
As they carry out their annual rituals on the beaches of the Riviera and at the opulent music festivals of Salzburg and Bayreuth, some West Europeans wonder if this is the last summer of a golden era for them, one that began to wane just after the two Germanys came together in October 1990.
Perhaps the most measurable problem is that prosperity — a basic underpinning of the European Community since its founding in 1957 and, some believe now, the main one — is threatened all over Europe.
Though people strolling past the expensive shops of the Rue du Faubourg Saint-Honore in Paris or the Koenigsallee in Dusseldorf may not immediately see it, the reality is harsher in the meaner streets where ordinary people live, all over Western Europe.
Almost no job growth has occurred in Western Europe's private sector in years, according to the Organization for Economic Cooperation and Development in Paris, and the unemployment rate for the 12 EC nations as a whole is heading toward 11 percent.
Something fundamental is wrong with the

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FRIENDS OR FOES? — UN soldiers keeping Somalis behind barbed wire Sunday before food was distributed in the northern sector of Mogadishu. In the southern part of the city, four U.S. soldiers were killed when their vehicle struck a land mine. Page 4.

In Italy, Hope Amid Ruin

By Steve Coll
Washington Post Service

ROME — In Italy this summer, all the talk is of revolution. The country's postwar political arrangements have collapsed. More than 2,600 politicians and businessmen are being investigated on corruption charges. Car bombs have exploded outside cherished cultural monuments, from Florence to Milan to Rome.
But a retired trucker, Franco Pistolesi, is certain of one thing: Italy's revolution, if that is what it should be called, remains unfinished. He and his family have learned this the hard way.
On the night of July 27, the Pistolesis sat slumped before a television in their apartment behind Rome's Circus Maximus. A news bulletin about a car bomb detonated in Milan had just come on the screen. Then came a bright flash, a loud bang, and the next thing the Pistolesis knew, their roof was falling in.
Now, more than a week after Italy's night of the car bombs, the Pistolesis and five other families on Saint Theodore Street spend their days sitting outside their building. They pass the time talking, starting at the wreckage and waiting for government to turn up and set things right. Some grow cynical.
"We're out here now sitting in the streets and all the big fish are sitting in their villas,"

declared one. "The politicians in Italy go around like a carousel. They change themselves and come back — only a few go to jail. Why don't they put us in one of those nice buildings like the senators have?"
Mr. Pistolesi accuses the government of failing to prevent the bombing of his apartment, of moving slowly with reparations, and above all of adding injury to decades of official insult — inadequate medical care, decaying services and a meager pension he has not yet collected. Still, Mr. Pistolesi wanted to say, there is hope.
"If we can stand these bombings, if we can keep on with the job of fighting corruption, we might find change," he said. "Everybody in Italy wants change."
The questions these days are how much change Italy can achieve, and at what price.
Five car bombs, four cultural symbols of the state severely damaged, 11 people killed, 96 wounded and none arrested — such is the scorecard of political violence.
Arriving amid a struggle over the collapse of political structures, the summer's bombings have destroyed "the illusion that Italy's passage from the old to the new would take place without any great fuss," wrote a political philosopher, Norberto Bobbio.
Now, metal barricades have been erected

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Space Flotsam From a Soviet Cosmos

By Francis X. Clines
New York Times Service

NEW YORK — The gaze behind the helmet visor on the soft pink face of Ivan Ivanovich, the first Soviet manaque in space, is melancholy as all Pushkin.
It is as if Ivan always knew the gallant adventure of communism's astronauts would come to this — a hard-currency auction at Sotheby's.
The hundreds of artifacts of the only triumphal chapter of Bolshevism range from a well-charred space capsule for three, to Ivan himself, the full-sized Soviet test dummy, suited up and ready for Earth's bitnessweet turnings.
"This is close as you can get to the beginning of man's entry into space," said David N. Redden, director of the Sotheby's auction being planned here Dec. 11.
The big-budget days of the space race ended with the Cold War. Dozens of Soviet astronauts who were celebrities mainly within Star City, the secret space center outside Moscow, have come forward with memorabilia — looking for dollars, of course, but also wanting to tell the world of their long-hidden adventures.
"Here were heroes of the cosmos, lining up with parcels and bags containing extraordinary things," Mr. Redden said, making his visits to Star City sound like buying trips to the sidewalk markets of amateur capitalists who so poignantly blanket Russia now.

The auction will feature such historic items as turn-of-the-century monographs of Konstantin E. Tsiolkovsky, the visionary who brilliantly anticipated the details of space flight. It will offer the "wand of the magician" — the well-used slide rule of Sergei P. Korolyov, the chief engineer of the Soviet's Sputnik and manned flight triumphs whose identity and masterful program management were among the most tightly kept secrets of the space race.
It will offer lunar fragments gathered mechanically and rocketed back to Earth in Jules Verne style. But there is no sign of Tang — the powdered orange drink made famous by U.S. astronauts, in the rudimentary, unsavory space food packets here.
For Mr. Redden, some of the humbler items hold the greatest value. In long months on the Mir space station, for example, astronauts borrowed a pastime from whalers on long sea voyages; they etched intricate designs onto their simple aluminum cutlery. "Space scrimshaw," he exults.
The space travelers had paint sets and used them at first to render a few seascapes from the porthole, but then mainly to paint trees, brooks, streets and other dear memories of Earth.
A badly frayed space glove turns out, in the telling, to have been critical for an astronaut who spent seven desperate hours in a space walk, clawing at a damaged hatch that threatened doom.

A packet of nuts and bolts from an early flight was nervously collected by an astronaut startled to find pieces of his spaceship coming loose, just like parts of a badly made Soviet automobile, and floating about.
Mr. Redden has no clear idea of the possible monetary value of it all, but he discerns a special sort of preciousness.
"Here is a chapter of history so contained, so dwindling," he said, appreciating how humanity often overlooks artifact-rich periods as they unfold and, now, fade in plain sight. But the public can decide for itself, for the auction house will hold a weeklong exhibit before the auction.
Ivan Ivanovich, Comrade Dummy, was rocketed up a few weeks in advance of the first human flight, to test the effectiveness of Soviet space suits and parachute mechanisms.
They did, and when Ivan was parachuted from the Vostok spacecraft into the peasant village of Bolshaya Sosnovka 32 years ago, a team of rescuers arrived by sleigh to retrieve him in a blizzard in the center of the secret-mad empire.
Villagers became angry when guards barred them from aiding the snowbound Ivan with the soup, vodka and other necessities that tradition prescribes for the long-distance Russian voyager. Not until one of the "old believers," a village elder, was permitted to touch the rubbery face of Ivan through his open visor did they back off and leave the visitors to their secrets.

The First Step On a Long Road To Fiscal Sanity

By R.W. Apple Jr.
New York Times Service

WASHINGTON — The margin could not have been thinner or the stakes higher. One switched vote in the Senate or the House of Representatives, and Bill Clinton would have lost his economic package and perhaps his presidency.
So all the bargaining in the great souk on Capitol Hill over the last three months, all the

NEWS ANALYSIS

searching for backbone by legislators terrified of the electoral guillotine, clearly was worth it. The gut-wrenching roll-call victories — 218 to 215 in the House on Thursday and 50 to 50 with Vice President Al Gore breaking the tie in the Senate on Friday — represented a down payment on Mr. Clinton's campaign and inaugural promises to get the country moving again.

Failure would have made the president look impotent on the economic issues that stand clearly at the center of national politics. He has avoided that, although the urgency of taming the deficit has allowed him little room for the innovative programs and redirection of govern-

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Kiosk 70 Die as Storm Batters Caracas

CARACAS (Reuters) — A tropical storm killed at least 70 people Sunday, injuring about 300 and leaving thousands homeless when landslides swept away slum dwellings in and around the Venezuelan capital, officials said.
The storm, designated Bret, carried gusts of up to 95 kilometers an hour (60 miles an hour). Sixty of the victims died in Caracas and eight more in nearby areas.

General News

Q & A: Sweden is bullish about prospects for European monetary union. Page 2.

Business/Finance Volkswagen admitted employees took documents from General Motors. Page 7.

Russia, Kazakhstan and Uzbekistan plan a monetary union. Page 7.

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Q & A: Sweden Is Bullish on European Monetary Union

Anne Wibbe is the finance minister of Sweden, a country that hopes to join the European Community in early 1995, and chairman of the board of the European Bank for Reconstruction and Development. Mrs. Wibbe spoke with Erik Ipsen of the International Herald Tribune about the increasingly bedraggled dream of a united Europe.

Q. Has this latest crisis in the European currency grid effectively scuppered plans for economic and monetary union?

A. Of course there has been a setback, but I think you have to be realistic. There are setbacks from time to time, but the idea of European integration is such a good one and such an important one that it will go forward.

Q. You don't feel that the goal of European monetary union has now been derailed?

A. There have been questions about how good an idea EMU is, but I think the key question is rather the discrepancy between real [economic] convergence and monetary

convergence. I think part of the problem has been that monetary convergence has been, or was up until last week, rather quicker than real convergence.

Q. Are you saying they put the cart before the horse?

A. In a way, yes. What I see now is the need for more cooperation, more integration of structural policies and fiscal policies to achieve the real convergence in growth rates and employment and so on, as well as in the monetary variables. Also programs to get rid of structural problems in the labor market are going to be increasingly important.

Q. Is a currency union still possible by 1997?

A. There is a possibility, of course, that the Germans and the Dutch, who are still on a fixed exchange rate, might become an embryo to a mini-EMU which other countries could then join when they are ready and willing. I don't think that the idea of monetary union is at all unrealistic.

Q. Why do you still favor monetary union?

A. I think it is a very good idea. I think for most of the European countries — and certainly for the Swedish economy — a system of fixed exchange rates and monetary union is much better for increasing the welfare of our citizens than a system of floating rates.

I don't think in the long run a system of freely floating exchange rates would be good for the Swedish economy or for the other European economies. Increased uncertainty would in the long run be a negative factor.

Q. The French government in particular has been highly critical of the Germans for touching off this latest currency crisis. Do you agree?

A. One of the reasons for the problems was that the cost of the German unification fell rather heavily on their monetary policy. There was an imbalance in the policy mix, with too small an emphasis placed on fiscal policy and too large an emphasis placed on monetary policy. As a result, the costs of unification fell on monetary policy and caused higher-than-normal interest rates,

which then had to be shared by a whole lot of countries that were in the wrong cyclical phase to bear them.

Q. What impact will the de facto floating of European currencies have on Sweden?

A. Considering the expectations of lower interest rates all over the European map, I would say that it would quicken the pace of recovery in Europe. That would also be good for the Swedish economy.

Some part of that positive effect might be taken away because our competitive advantage will be slightly smaller. But it depends on how the central banks react. Obviously some depreciations in some currencies will occur and some reduction in interest rates, too. But whether it will be much or little remains to be seen. I think the net effect for Sweden will presumably be in favor of recovery.

Q. Do you see a danger of competitive devaluations?

A. Considering history, one has to be at least aware of this risk. I think most people, though, are wise enough to avoid it. That type of attempt to solve national unem-

ployment or growth problems by devaluing the currency to boost exports is not in the long run to anybody's advantage.

Q. Do the currency crisis and the increased political squabbling within the European Community make you think twice about joining the EC?

A. Not at all. I don't think what has happened will affect our negotiations at all with the EC, and it certainly does not diminish our interest in becoming a member. The main reason [for joining] is not economic actually, but rather the fact that we are Europeans and we wish to be part of setting up a new Europe.

Obviously, though, there are great economic benefits to becoming a member. Otherwise I think it would be difficult to explain to investors why they should invest in Sweden. You don't invest in Sweden to sell on the Swedish market alone. You invest in Sweden to sell on the European market from your Swedish plants. That makes it necessary for us to be a member of the Common Market.

WORLD BRIEFS

Accord Is Sought in Tajik Violence

MOSCOW (Combined Dispatches) — Russia and its Central Asian neighbors expressed hopes Sunday for a political settlement to end violence on the frontier between Tajikistan and Afghanistan. The old Soviet-Afghan border, scene of recent fighting between Tajik government forces and Islamic rebels, was quiet after a day of talks in Moscow.

At the talks Saturday, President Boris N. Yeltsin appealed to the Central Asian leaders to help defend the border against incursions stemming from the civil war in Tajikistan. Mr. Yeltsin and the leaders of Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan signed a statement on the inviolability of borders. But he also urged the Tajik government to negotiate with the opposition.

After Bandoun Burial, a Coronation

BRUSSELS (Combined Dispatches) — Belgian officials made final preparations Sunday for the coronation of Prince Albert of Liège after years of thousands of Belgians joined political leaders and royalty from around the world in bidding farewell to his brother, King Baudouin. Prince Albert, 59, Baudouin's brother, will become King Albert II in a 30-minute ceremony Monday.

King Baudouin, who died of heart failure July 31, was buried Saturday as fighter jets flew over the palace. The casket — covered by Belgium's red, yellow and black flag — was taken from the palace where the monarch had worked during his 42-year reign. The coffin was placed on a gun carriage and pulled by an armored personnel carrier to St. Michael's Cathedral. His widow, Queen Fabiola, followed on foot.

Islamists Murder Egyptian General

ASWUT, Egypt (AFP) — The underground Islamic Group killed a police general, his bodyguard and driver to avenge the government's hangings of 15 of their colleagues, the group said Sunday.

The Saturday ambush on the car carrying General Mohammed Abdel Hamid Ghabara, in Naga Hammadi, 535 kilometers south of Cairo, was to "avenge our brothers hanged by the regime" of President Hosni Mubarak.

With the three latest deaths, 47 policemen and 134 other people have been killed since Islamic militants stepped up their campaign to overthrow Mr. Mubarak's secular regime in March 1992.

U.S. Bars Sale of F-5s to Indonesia

WASHINGTON (AP) — The State Department has rejected Jordan's request to sell used U.S. F-5 jet fighters to Indonesia, citing Indonesia's human rights record and other "sensitive" issues. But the department said the decision does not signal the beginning of an arms embargo against Indonesia, which has been accused of serious human rights abuses on the island of East Timor, which it annexed in 1975.

Over the years Jordan acquired a number of F-5s, an older, light tactical fighter, as part of military aid made available by the United States. "After careful consideration, including consultations with Congress, the Department of State decided it could not approve Jordan's request," a department spokeswoman said.

For the Record

Pope John Paul II leaves Monday for Jamaica and Mexico before spending four days in Denver, where he will celebrate World Youth Day. He said Sunday that he was distressed by the "prolonged failure" of peacekeeping efforts. He made no direct reference to the fighting in Somalia and the former Yugoslavia.

TRAVEL UPDATE

Palace Tours Get Off to a Slow Start

LONDON (AFP) — An anticipated tourist rush to be among the first to visit Buckingham Palace failed to materialize this weekend, with only half the expected number touring the royal residence.

Officials said some 9,500 people had visited the palace on Saturday and Sunday, whereas the estimated daily capacity is 8,000. But the tourists, who paid £8 (\$12) for the privilege of touring 19 of the palace's 600 rooms, spent nearly as much money — £70,000 — on souvenirs, including chocolates and tea boxes.

The decision to open the palace for two months a year over five years was made by the Queen Elizabeth II to finance the restoration of Windsor Castle, which was ravaged by fire last November. The palace will be open to visitors until Oct. 1.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Singapore.

TUESDAY: Ecuador.

WEDNESDAY: Chad, Jordan, Zimbabwe.

THURSDAY: Cuba, Thailand, Zimbabwe.

FRIDAY: Central African Republic, Tunisia.

SATURDAY: Italy, Morocco, Pakistan, Vatican City.

Sources: J.P. Morgan, Reuters.

As the U.S. Floods Recede, Next Challenge Is Cleanup

ST. LOUIS — The final crest is passing and the rivers are falling. The driving rains are giving way to the humid "dog days" that are the hallmark of summer in the upper Middle West.

As the waters recede, the true toll of the great floods of 1993 is starting to emerge.

By the time the final feeble crest rolls past Cairo, Illinois, on Monday, the rivers will have flooded over 23,500 square miles (60,000 square kilometers), an area that if brought together would exceed the size of Lake Michigan.

Yet, it is a catastrophe that left its deepest scars on the smallest of scales. The floods' sweep can be measured most acutely in miniature — in lives lost, fading towns that now might be wiped off the map, subsectors of commerce ruined and slivers of public policy altered.

In the Gumbo Flats of Chesterfield, Missouri, dank Mississippi River water has overtaken the Spirit of St. Louis Airport and risen to the wingtips of small planes.

In Weaver, Iowa, eggs glide where Bud Pieper's cornstalks once waved.

And the story is not over, and will not be for months.

"There's so much we don't know," said Bob Davis, the mayor of Alexandria, Missouri, who now presides over a community covered by 14 feet (4.5 meters) of Mississippi water and mud.

"The present's bad enough, but it's the future, it's all that you don't know that kills you."

On a brighter note, there will be a stimulus to the economy in rebuilding and repairs.

For Hosokawa, an Alter Ego Aide Shares Eagerness for Japanese Change

By James Sterngold
New York Times Service

TOKYO — Political analysts have been urgently sifting through the rumors of whom Prime Minister Morihiro Hosokawa is likely to name to his cabinet for clues on how he will manage an array of critical issues. But if there is one nominee who may say the most about his personal style and policy leanings, it is one of the least conspicuous — Masayoshi Takemura, who is expected to become his chief cabinet secretary.

Mr. Hosokawa has said he will present his list of ministers to Emperor Akihito for ritual approval on Monday, and the seven parties that make up his frail coalition spent the weekend vying for the more powerful and prestigious assignments. According to several press reports, three of the most important posts — foreign affairs, finance and defense — are likely to go to members of the Japan Renewal Party, which is made up of Liberal Democratic defectors.

But he has already said he will give Mr. Takemura, 58, the post of cabinet secretary, which will make him the government's chief spokesman and more a coordinator of policies than a decision maker. He is also expected to make Mr. Takemura a close advisor.

Mr. Hosokawa, who is relatively young at 55, speaks of change so often that he has often been compared with President Bill Clinton.

But the side of the new prime minister underscored by Mr. Takemura suggests deeper similarities with Mr. Clinton: Mr. Hosokawa and Mr. Takemura have little experience on either the national or international scenes and their agendas for change are focused almost entirely on the domestic situation. In fact, the two became close as governors of prefectures in western Japan, sharing their frustration over the profoundly centralized nature of administrative power here.

Mr. Hosokawa was governor of Kumamoto Prefecture on Kyushu, while Mr. Takemura, a man with slicked down gray hair, heavy-framed glasses and a buttoned-down appearance, was governor of Shiga Prefecture, near the ancient capital of Kyoto.

In some ways, Mr. Takemura is Mr. Hosokawa's political alter ego. He is conservative and a pragmatist who believes that the political system needs to be fundamentally reformed largely because it has grown inefficient, unfair and unresponsive. Both had been members of the Liberal Democratic Party, where their friendship deepened discussing the need to battle corruption, to reshape the electoral districts, which are heavily skewed toward rural districts, and to tighten lax political financing laws.

Mr. Hosokawa, though relatively uninvolved in international affairs up to now, is from an aristocratic family and is quite poised at home and abroad. People who have been with Mr. Takemura overseas say he is withdrawn and uncomfortable and displays little depth in his knowledge of international affairs.

He seems more comfortable in discussing his two key policy aims, electoral reform and administrative decentralization. His detailed positions on those issues made Mr. Takemura one of Mr. Hosokawa's key strategists through the elections and in the coalition negotiations over the past month.



MURDEROUS MUD — Vehicles trapped by a mud slide in Kagoshima Prefecture on Japan's southern Kyushu Island. Torrential rains left at least 44 people dead, and a typhoon was approaching.

China Accuses U.S. of Halting Ship, Denies It Carries War Chemicals

By Nicholas Kristof
New York Times Service

BEIJING — China accuses the United States on Sunday of harassing a Chinese ship because of suspicions that it was secretly shipping chemical weapons materials to the Middle East.

The official Xinhua press agency indicated that Washington suspected Beijing of exporting raw ingredients used to make mustard gas and nerve gas. China bitterly denied that it would permit such exports, and it demanded compensation for what it described as America's "utterly unjustifiable bullying."

In Washington, a senior administration official said the ship was believed to be carrying the chemicals to Iran. The official added that the United States would not seize or inspect the vessel, since it has no legal basis to do so, but that it had begun a diplomatic initiative to persuade China to turn the ship around.

If the Clinton administration turns out to have evidence — rather than just suspicion — that China is selling Iran the ingredients for mustard gas and nerve gas, the imbroglio could be a huge embarrassment to Beijing. In any case, the dispute is likely to create new strains between China and the United States just as relations seemed to be slowly improving on both sides.

The newspaper People's Daily reported the chemical controversy on its front page Sunday, saying that the matter had already cast a shadow over relations with the United States.

According to the article, the Chinese Foreign Ministry summoned the U.S. ambassador, J. Stapleton Roy, on Saturday to receive a strong protest. A U.S. Embassy spokesman, Kimberly G. Hargan, confirmed that Mr. Roy had met with officials at the Foreign Ministry but declined to elaborate.

On Sunday, the ship was approaching the Strait of Hormuz, off Iran's southern coast, shadowed by U.S. Navy vessels, the administration official said.

The episode apparently involved one of the most sensitive issues in the Chinese-U.S. relationship: sus-

picious in Washington that Beijing is selling dangerous missile, nuclear and chemical technologies to such unstable regions as the Middle East.

According to the Chinese account, the United States since July 23 made "repeated representations" to the Chinese government that the cargo ship Yinhe was carrying two chemicals — thionyl chloride, the basic ingredient of mustard gas, and diethyl chloride, used to make nerve gas.

In its replies, China apparently acknowledged that the Yinhe was bound for the Middle East — although the Beijing account studiously avoided identifying the intended ports of call — but then added that the Chinese banned export of the two chemicals.

"However," the Chinese press agency declared, "the U.S. side chose to ignore China's statement and took arbitrary action that prevented the Chinese ship from reaching its scheduled ports."

"The ship was forced to be adrift on the high sea, subject to such extraordinary activities of interruption and coercion, including pursuit and photography by U.S. warships and military aircraft on the high sea." The agency did not specify what the United States had done to obstruct the ship.

"The Chinese ship has not to this day received permission to dock and is faced with extreme difficulties," Xinhua said. It did not give the ship's position.

The senior administration official presented a more benign view of the dispute. He said that the Yinhe was expected to make a port call in Saudi Arabia before continuing to Iran, and he emphasized that Washington wanted to work with Beijing in resolving the matter.

China proposes that the Yinhe be allowed to dock at its first port of call and that officials from China and that country jointly inspect the cargo.

The problem with that approach is presumably that the port of call might be the intended destination of the chemicals.

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STATESIDE / LEGISLATIVE MOMENTUM

★ POLITICAL NOTES ★

Congressional Gridlock? Not at This Pace

WASHINGTON — Scrambling to overcome its image as the citadel of gridlock, Congress has gotten off to one of its fastest starts in years, having passed a half-dozen major bills by the August recess this weekend and putting more of them on track for enactment by the end of the year.

It has approved bills ranging from President Bill Clinton's package to reduce the projected deficit by \$496 billion over the next five years to family-and-medical leave legislation that had been vetoed by President George Bush. Congress cleared the way for enactment of a national service program and made progress toward overhaul of campaign finance and lobbying laws. Work was done on trade issues, and the table has been set for considering health-care reform soon.

Congress even moved toward cleanup of its own creaky operations: A bipartisan House-Senate committee is scheduled to introduce a bill in September to reorganize the institution.

"I think we've gone a long way toward breaking gridlock," said the Senate Democratic leader, George J. Mitchell of Maine.

The House Democratic leader, Richard A. Gephardt of Missouri, said: "I think an awful lot has been accomplished. The message is while it's been hard and while it's been imperfect, real change and movement have been made to solve the country's problems and ailments." (WFP)

Dole Settles Up With Election Commission

WASHINGTON — Senator Bob Dole's 1988 campaign for the Republican presidential nomination has agreed to pay more than \$120,000 in civil penalties for election law violations, the largest settlement for any presidential campaign organization, the Federal Election Commission said.

In the settlement, Dole campaign officials admitted a series of serious violations in raising and spending money for the 1988 presidential primaries.

The campaign took in improper corporate contributions and exceeded the spending limits in the key states of Iowa and New Hampshire, and Mr. Dole, a Kansas Republican, improperly used his political action committee to benefit his presidential drive, the commission reported.

It is common for presidential campaigns to admit campaign finance violations years after the race, but the size of the Dole settlement is unusual. Among the 1984 presidential campaigns, former Vice President Walter F. Mondale's campaign paid a \$68,000 penalty, the largest settlement until now. (NYT)

The Taxman Cometh: Lawyers Must File, Too

WASHINGTON — The Internal Revenue Service has asked Pennsylvania officials to provide the names and Social Security numbers of the state's 53,000 lawyers as part of a nationwide effort to track down lawyers and other professionals who have failed to file tax returns.

A similar effort targeting lawyers and accountants is under way in Chicago. In New York City, the IRS is screening partnership information from major law firms to detect partners who have not filed returns.

The efforts are part of the IRS's aggressive pursuit of nonfilers over the past year. Under the program, the agency runs names and Social Security numbers through its computers to find people who should have filed tax returns but have not. (WFP)

Quote/Unquote

President Clinton, after his budget plan passed the Senate: "This is just the beginning, just the first step in our attempts to assert control over our financial affairs, to invest in our future and to grow our economy, to deal with the health-care problems, the welfare-reform problems, the problems of crime in the streets, and the other things that deal with the daily fabric of life for our people. But make no mistake about it, this is a very, very important beginning." (NYT)

Lawyer Who Played Hooky Will Get His Day in Court

By Paul Duggan
Washington Post Service

WASHINGTON — A lawyer who deserted his client and fled to Jamaica on vacation during a child-beating trial has been formally accused of professional misconduct and contempt of court and could face an array of legal and financial consequences, including a jail term.

Clayton J. Powell Jr., who defied a District of Columbia Superior Court judge's order July 23 by leaving on vacation and forcing a mistrial in the case, has been summoned to appear for a hearing at which the judge will determine whether Mr. Powell acted in criminal contempt of court.

Judge John H. Bayly Jr., who scheduled the hearing for Aug. 31, could impose a jail term if he decided that Mr. Powell's behavior amounted to contempt.

Meanwhile, Kenneth H. Rosenau, who represented a co-defendant in the trial, has filed a formal complaint against Mr. Powell with the investigative arm of the district bar association, alleging several violations of the association's rules of professional conduct.

The bar counsel's office, after an investigation, could dismiss the complaint or present evidence to a hearing committee, which in turn could dismiss the complaint or recommend sanctions, including disbarment.

Away From Politics

- An 11-year-old New York girl who became sick on a camping trip and died the next day was the first person in the state to die of rabies since 1954, health officials confirmed. It is not known how the girl, who died July 14, contracted the disease.
- The FBI arrested a Frenchman and an Italian in Tampa, Florida, for allegedly stealing trade secrets worth \$10 million from an Owens-Corning Fiberglas Corp. plant in Belgium. The two men are Marcel Paruly, an Owens-Corning mechanic for 20 years, and Michel Russo, an Italian private investigator born in Belgium.
- Two black bears were tracked by hounds and shot to death in the San Bernardino Mountains of Southern California after a 12-year-old Boy Scout was maulled while he was sleeping and another boy was clawed in the face.
- The man in charge of investigating misconduct in science for the federal government has been accused of misconduct of another sort: sexually harassing an office manager by seeking sexual favors from her in return for good employee ratings. The office manager has filed a complaint with the Department of Health and Human Services' equal employment opportunity office against Clyde A. Watkins, acting director of the Division of Research Investigation in the Federal Office of Research Integrity.
- Bacteria are still appearing in the tap water around New York City at a rate far higher than normal, the environmental commissioner said, adding that more "boiled water alerts" were still possible.
- No warning was issued before a tornado destroyed the historic district of Petersburg, Virginia, on Friday because no volunteer weather observers spotted it in time and because an updated radar system had not yet been installed, a National Weather Service official said. The tornado killed 4 people and injured 190.
- The Massachusetts federal judge presiding over the World Trade Center bombing case said he had considered moving the trial to Cincinnati to escape the extensive pretrial publicity but was leaning toward keeping it in New York City. (NYT, AP, LAT)

Why 'Cosmic Bob' Took So Long to Rescue the Budget

By Richard L. Berke
New York Times Service

WASHINGTON — With the capital waiting to learn whether Senator Bob Kerrey would sink or save President Bill Clinton's budget plan, what did the inscrutable Nebraska Democrat do?

Did he repair to the Library of Congress to study precedents? Did he call his pollster for a last-minute reading?

Not on the day before the vote. Instead, he wandered out of the Senate chamber alone and spent a good part of the afternoon in a theater watching "What's Love Got to Do With It?" — a movie about the singer Tina Turner.

It was not until after 8:30 P.M. Friday, in a speech on the Senate floor, that he let it be known that he had decided to vote for Mr. Clinton's budget.

"I could not cast the vote that brings down your presidency," he said.

Mr. Kerrey, known to some as "Cosmic Bob," has never been a conventional politician, and that is what bothered the White House officials the most as they tried to win his support for the budget. Although they could elicit support from other senators with promises of pork, it was never clear what it would take to get Mr. Kerrey on their side.

It was never clear why Mr. Kerrey, who is expected to coast to re-election next year no matter how he voted, dithered so long. Was he seeking revenge on the man who beat him to the White House in a sometimes bitter primary campaign and then denied him the vice presidency? Or, as Mr. Kerrey himself insisted, was he simply unable to make up his mind?

Framing the decision in cosmic terms, Mr. Kerrey told reporters:



The much-courted Bob Kerrey heading to the Senate floor for a procedural vote before passage of the budget plan.

"There is no moral consensus. And as a result, we're having a difficult time deciding what to do."

But with all of his colleagues' minds made up, the truth is that only Mr. Kerrey was having quite so monumentally difficult a time deciding.

So with only his vote separating victory from defeat, the White

House staged a campaign to convince Mr. Kerrey that yes, a moral consensus could still be achieved. It started with a 90-minute meeting Friday with Mr. Clinton in the White House living quarters.

Officials were so solicitous that they moved Mr. Kerrey's car in a downpour so he would not have to face a pack of reporters waiting for

him outside. Dee Dee Myers, the White House press secretary, joked that a room in the White House might be renamed in Mr. Kerrey's honor if he voted right.

Moods swung up and down as people tried to figure what Mr. Kerrey would do.

A Senate official said, "It's safe

to say that the White House was seized with fright."

But Susan Brophy, the deputy White House congressional liaison, was not biting her nails.

"I know everybody is looking at this process with horror," she said, "but I think most people are being straight shooters with this thing. If Bob Kerrey were trying to hurt this

administration, he would have announced three days ago that he was voting against this bill. That would have totally tipped the cards off the table."

Mr. Kerrey, who lost a leg in Vietnam, harshly criticized Mr. Clinton as a draft dodger during last year's primary campaign. And early this year he was critical of the decision to name Hillary Rodham Clinton to head the health-care task force. But people who are close to the senator insist that any animosity is gone.

In an interview some weeks ago, Mr. Kerrey spoke almost fondly of Mr. Clinton.

Asked to assess him as a leader, he replied: "He's not confused. He's not bewildered. He's got a set of things he wants to get done. And I don't see in my field of view a man who's in personal turmoil."

Almost the opposite could be said of Mr. Kerrey, as he engaged in very public soul-searching. He spoke not of minute provisions in the package but about bigger issues, like the U.S. role in the world.

Such hesitancy is no surprise to those who have watched the senator. Before the Gulf War, it took days of mulling over the issue for him to decide to oppose use of force.

It was only at the end that he abandoned his reservations about allowing homosexuals in the military and backed Mr. Clinton's initial proposal to overturn the ban.

Only two months ago, Mr. Kerrey agonized in much the same way before voting for the Senate's version of Mr. Clinton's budget. But in recent days he began to change his tune, saying he hoped the House-Senate conference committee would make more spending cuts.

CLINTON: Congress Victory Is Merely a First Step Down a Long Road

Continued from Page 1

ment that he and his party are committed to seek.

Whether his victories really represent a turning point for the nation, a departure down a new road of fiscal sanity, as so many Democrats assert, is another question.

Although most of the new taxes will be borne by the rich, as Mr. Clinton's Technicolor pie charts showed, the package comes nowhere near undoing Ronald Reagan's tax breaks for the wealthy. It leaves the tax burden in the United States far less onerous than those in most other Western nations.

If the electorate is as serious as it tells itself it is about eliminating the deficit and cutting the national debt, it will eventually have to accept far more than this.

It will also have to support far deeper spending cuts and there are only a few categories where such savings can be found — mainly in military outlays, where significant cuts are under way, and in so-called entitlement spending, on Social Security, Medicare, Medicaid and the like, where they are not.

But the great lesson of the passage of Mr. Clinton's proposals through what is laughably referred to here as the legislative process is that neither broad new taxes nor painful spending cuts can be achieved in the political environment that now exists here.

Mr. Clinton's energy tax and his fallback proposal for a significant increase in the gasoline tax both had to be jettisoned to keep Senator Herb Kohl of Wisconsin on board. Other legislators demanded and got breaks for favored constituencies.

"It's a start," the Democrats say. Projected spending would be reduced by more than \$250 billion over the next five years — though most of the cuts would come later, and the president and Congress may be tempted to cut the cuts as their dates draw near.

The other half of the package will come, in large part, from raising the top income tax rate to 36 from 31 percent (with a surcharge on those with taxable incomes above \$250,000), as well as small increases in the gasoline tax and in corporate tax rates.

Still, the plan does not envision eliminating the deficit; indeed, the administration's own figures show the deficit rising again after five years. If Mr. Clinton is still in office then, the chances that he will attack again are minimal.

Second-term presidents are seldom innovators, partly because Congress, knowing that they can't run again to gain a fresh mandate, won't let them be.

It may be that Mr. Clinton was rolled by Congress, that he caved in too soon on some issues, thereby convincing senators and representatives that they could get what they wanted if they held out long enough.

Senator Bob Kerrey of Nebraska, who provided the decisive vote in the Senate by switching from opposition to support at the last minute, said the president had been dangerously "green" when he came to Washington, but surely he assigned an insufficient portion of the blame to his own colleagues when he urged Mr. Clinton to "say no to us; get us back onto the high ground where we actually prefer to be."

Mr. Clinton had as hard a time as he did partly because members of Congress in the

modern era, even members of the president's party, tend to see themselves as soloists. Like prima donnas everywhere, they demand pampering. A senior White House official commented with disgust on Friday that many freshman House members demanded to talk to the president personally.

If the Democrats threw tantrums, the Republicans sulked in a corner. Historians at the Library of Congress and elsewhere could remember no major piece of legislation at least since World War II that was passed without a single vote from the opposition party.

Meanwhile, the public continued on its fickle way. People demand that the deficit be cut, the polls said. They are willing to bear their fair share, the polls said. But to judge by the uproar that rose every time the lawmakers suggested a tax here or a trim there, they defined "fair" as "infinitesimal."

It was entirely appropriate that one poll on the eve of the final vote showed that 43 percent of the electorate wanted the economic package passed and 44 percent did not. The country was right where the legislators were: split down the middle.

With most of his agenda still awaiting action, Mr. Clinton bravely insisted, "The margin was close, but the mandate is clear." In fact, the path ahead is less visible this weekend than it seemed to be when the president took office.

Health-care reform is absolutely vital to Mr. Clinton's plans and to the Democrats' future. If the deficit is not to skyrocket once again, Medicaid and Medicare and the cost of private health insurance must be brought under control.

Administration officials said they would now try to work with Republicans from the outset on health care and the North American Free Trade Agreement, two politically explosive issues on which Democrats are deeply divided.

Already, Hillary Rodham Clinton, head of the administration's health-care task force, has spent considerable time consulting with Republicans on the issue. In addition, the president has said he plans to name more Republicans to his administration, and aides said he was considering naming a Republi-

can to a key role on health care. "We must have a change in the bitter partisanship if government is going to work," said David Gergen, the former aide to three Republican presidents who is a counselor to Mr. Clinton. "It's been extraordinary not to have Republican support on the budget. It's never happened before. The lesson of the stimulus package defeat was that you must have bipartisanship on major issues."

Whether the president's attempt to reach out to the opposition will work is far from clear.

BUDGET: New War Over Slashes

Continued from Page 1

trimmed in the autumn. Nevertheless, he said, "everything will be on the table — everything."

A Democratic senator from California, Dianne Feinstein, said it would be "a major failure" if the White House did not come through with a significant proposal for more cuts. She wants an across-the-board cut of 3 percent in agency budgets.

Overture to Republicans

Mr. Clinton is developing a strategy to cope with a more partisan political atmosphere, the Los Angeles Times reported from Washington.

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In Cuba, Collapse or a U.S. Initiative?

Pressure Growing on Clinton for Steps to Encourage Reform

By Howard W. French
New York Times Service

MIAMI — While debate in the United States heats up over the wisdom of shunning President Fidel Castro, a consensus is growing among U.S. business executives and academics that major changes are inevitable in Cuba, ones likely to transform the island into a lucrative new business frontier.

Many of the executives and scholars say Cuba's badly waning economy will soon be cast open one way or another, whether through the continued crumbling and eventual collapse of Mr. Castro's Communist system or through some kind of constructive engagement initiated by the United States to encourage faster reforms.

The latter course is being urged on the Clinton administration with increasing forcefulness by advocates of a new approach toward the island after 33 years of economic embargo and political ostracism.

Forced to introduce limited reforms by near-disastrous economic conditions brought on in large part by the collapse of his Soviet-bloc benefactors, Mr. Castro has already begun welcoming mixed ventures with Western companies.

More boldly, though, he has recently allowed citizens to spend dollars and other foreign currencies legally for the first time — both a recognition of the black market and an attempt to dry it up.

Meanwhile, he has invited Cuban-Americans to visit the island in much greater numbers in the hope that their free-spending ways will provide a boost. Many expect the next step to be greater freedom for individual Cubans to engage in private enterprise legally.

U.S. policymakers are debating whether encouraging such reforms would promote an or-

derly transition, as opposed to catastrophic collapse, which might place an economic rebirth through capitalism out of reach for a long time.

The voices arguing for a diplomatic opening are gaining force, but the Clinton administration seems in no rush to pronounce on such a controversial topic, having only recently assembled its Latin American foreign policy staff.

Conservatives in the Cuban exile community and their allies in Congress are as committed as ever to a hard line. Still, prospective investors have quietly begun sizing up the opportunities for U.S. capital.

NEWS ANALYSIS

In the short term, the fast-expanding Cuban tourism industry would appear to offer the safest bet for new U.S. investments, along with basic industries like public transportation and food.

Beyond those, the Cuban economy presents a long list of needs waiting to be filled by longer-term investments in areas from housing to manufacturing.

Many of the best deals, however, are already being locked up by competitors in Europe, Canada, Mexico and Jamaica.

"Almost all of the hotels in Havana are already gone," said Arlene Allgood, a Washington-based consultant who publishes the newsletter Cuba Business.

She noted a Spanish company's recent takeover of the former Havana Hilton. "Once the major investments are taken, they are taken for a generation or more. U.S. companies are going to wake up and find themselves at a disastrous disadvantage."

If many plums have already been plucked by European and Canadian interests, the scope of Cuba's needs and its proximity to the United States would present both countries with an unusually rich blend of opportunities. A recent study by Johns Hopkins University estimated that the United States could expect to do \$2 billion in business with Cuba in the first year of an economic opening, a figure that could rapidly rise to \$7 billion annually or more.

Experts on Cuba caution that a simple ending of sanctions would not alone produce miracles, and in any case the United States is unlikely to lift unconditionally the embargo imposed in 1960 by President Dwight D. Eisenhower.

For Cuba to take full advantage of any such easing of U.S. policy, they say, it would have to introduce far more sweeping changes, all involving much larger political gambles than the Cuban government has so far shown itself willing to take. Herein, for those urging a more supple approach, lies the logic of engaging Cuba now on trade.

Analysts point out that the country is kept from buying most of what it needs not by U.S. sanctions but by its own collapsing economy.

"The Cubans would quickly be forced to admit that most of their problems do not stem from the embargo at all," said Jorge Domínguez, a Harvard specialist in Cuban affairs.

"Then it quickly becomes a blunt question for the Cuban government of all of the changes they would need to undertake to begin attracting the kind of capital the country needs."

"Doing something like this would be a bold political risk in the American context, but it would produce a Cuba very different from anything we have ever seen: something that looks and feels like a market economy."

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Clinton Decries 4 U.S. Deaths in Somalia

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton condemned the deaths of four U.S. soldiers in Somalia, who were killed Sunday by a land mine, and promised "appropriate action" against those responsible.

"We will do everything we can to find out who was responsible," Mr. Clinton said. He added that the United States was consulting with its United Nations allies and that any action would be taken in concert with that organization.

The mine destroyed a U.S. vehicle in the southern part of Mogadishu, the Somali capital, a UN military spokesman said.

The four soldiers were the first U.S. troops killed since UN forces took over May 4 from an American-led coalition protecting the delivery of food aid to starving Somalis.

The UN special envoy to Somalia, Jonathan T. Howe, a retired U.S. admiral, said that followers of General Mohammed Farrah Aidid, the fugitive warlord, had been responsible.

After having suffered heavy casualties in the past, UN forces have launched airborne missile and can-

non attacks on suspected strongholds of General Aidid's gunmen.

It was the third attack on UN forces since Wednesday. Although all but one of eight peacekeepers wounded in the past week have been Americans, officials said they did not believe that U.S. forces had been deliberately targeted.

Intense small-arms fire followed the mine detonation Sunday, but it was not clear whether the two-vehicle American convoy had been hit by gunfire from Somalia waiting in ambush, a UN military spokesman, Major David Stockwell, said.

The dead were not identified, but Major Stockwell said they belonged to the U.S. Logistics Support Command based at the main UN headquarters in Mogadishu.

They were returning to their base when the lead vehicle, carrying the four soldiers, hit the mine. Three soldiers aboard the second vehicle died at likely attack positions, Major Stockwell said.

Mr. Howe said the attacks "reflect Aidid's frustration over his shrinking support base in Mogadishu and the rest of Somalia."

Community leaders are to hold a summit meeting in Brussels in October to debate the crisis and seek ways of restoring economic growth. President Bill Clinton has proposed that Western nations hold a conference this fall to discuss what they can do to create more jobs.

But many European and U.S. officials are beginning to feel that Mr. Clinton believes that Asia is of more vital economic interest to the United States than Europe is.

Until the Clinton administration took the initiative and forced the alliance into a decision in principle on using air power in Bosnia, some wondered whether it even appreciated how much U.S. leadership is needed in Europe, and how important Europe's political and economic stability is to the United States.

"The Bosnian crisis has been the major post-Cold War turning point in Europe, and we missed the turn," said Pierre Lellouche, secretary of the French National Assembly's Military Committee and a leading policy strategist in the Gaullist party of the new French prime minister, Edouard Balladur, in early July.

"The debacle was a mortal blow to the credibility of the European Community and, in a different way, to the NATO alliance," he said, expressing a view widely echoed in other European capitals about the 16-month crisis.

Though France has often seemed to yearn secretly for the United States to pack off and leave Europe to its own affairs, some French analysts insist that this is not the way to do it.

"There is no security in Europe without a strong U.S. presence," said Dominique Moïsi, deputy director of research at the French Institute of International Relations. "American troops provide the ultimate insurance policy against a return to chaos and of the demons Europe carries within itself."

EUROPE: Economic and Political Malaise Yields a Pervasive Gloom

Some U.S. diplomats dismiss the Europeans' complaints over the last year about a lack of U.S. leadership as a hypocritical excuse for their own failures.

Instead of making progress toward unity, they say, Europe seems to be regressing toward the kind of egotistical nationalism that the European Community was intended to banish forever when it was founded in 1957.

Some Europeans believe that their countries have slipped back into national rivalries like those that led to the outbreak of World War I in the Balkans and later gave rise to the Nazis.

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THE BOSNIAN CRISIS HAS BEEN THE MAJOR POST-COLD WAR TURNING POINT IN EUROPE, AND WE MISSED THE TURN

Pierre Lellouche, French policy strategist

dragging the United States twice into involvement in European conflicts.

For some younger Europeans who have grown up believing that old Continental rivalries were a thing of the past, the failure to take effective action in Bosnia until now has been galling. Stefan Schwab, a 32-year-old member of the German parliament, who argued unsuccessfully for allied military intervention, said such indecision had set back European unity for decades.

Mr. Schwab, an outspoken Christian Democrat, has been trying to shake his fellow citizens out of their torpor since his maiden speech on Bosnia in the parliament in December.

He shocked his fellow lawmakers then with vivid reports of Muslim children being tossed to death in ovens, men being forced to chew off the body parts of fellow prisoners and other horrors of mainly Serbian "ethnic cleansing" operations in Bosnia.

How, he asked, could the Germans, with the Nazi genocide of the Jews behind them, stand by and let these things happen? His fellow lawmakers applauded but did little else.

Mr. Schwab and others in Europe believed that things might change when Secretary of State Warren M. Christopher came to Europe in May seeking support for a U.S. plan to let the

ITALY: For Some, Hope Lingers, Even Though the Roof Has Fallen In

Continued from Page 1

around government offices and cultural monuments across the country. Police are conspicuous in the streets. Security officials speak frequently of invisible conspirators against the state.

And still, there is no certainty about who the bombers are or when the terrorist campaign will end. Such uncertainty is maddeningly familiar for a country with more than a dozen recent unsolved cases of terrorism.

Into the vacuum of knowledge rush swirling political recriminations, murky conspiracy theories and dire warnings about what may lie ahead. It is widely assumed here that the summer bombings are connected to Italy's government, political scandal, and politicians.

businessmen and criminals have been arrested, accused of milking private profits from a bloated, notoriously inefficient public sector.

The scandal has threatened to unsettle much of the ruling political class, as well as sections of the Mafia leadership. Many Italians, including senior officials, suspect the car bombings are a reply by one, or a combination, of these besieged groups.

Parliament's anti-Mafia investigative commission has received evidence that the summer bombings arise in part from a campaign by Mafia leaders to force the government to ease pressure on organized crime, said its widely respected chairman, Luciano Violante.

But Mr. Violante added in an interview that while "it is quite likely" that Mafia soldiers

have organized the car bombings, "the Mafia is sure to have consulted some allies, both in the financial world" and political circles, who also seek to pressure government.

Some reformers worry that if bombings continue and remain unsolved, the perpetrators may yet achieve their presumed intent to exhaust or intimidate the long-suffering public that has demanded rigorous prosecution, and to encourage amnesties or otherwise to bog down investigations.

For now, opinion surveys and public demonstrations indicate widespread support for change. In Milan last week, when a celebrated anti-corruption figure, Judge Antonio Di Pietro, turned up in honor of victims of the car bombings, mourners greeted him with applause and chants such as "You are the hope of Italy!"

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Serb Reports Agreement to Yield 2 Peaks to UN

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — The military commander of Bosnian Serbs announced Sunday that his troops would begin a phased withdrawal Monday from mountain positions above Sarajevo and turn them over to United Nations peacekeepers. General Ratko Mladic committed his troops to leaving Mount Bjelasica on Monday morning. He did not say if they would begin a withdrawal from Mount Igman but stated that about 150 French soldiers would begin patrolling the site on Monday. Both peaks are to the south of Sarajevo. The main military resupply route of the Muslims passes over Mount Igman. General Mladic's promise — if it is carried out by his troops — will increase pressure on the Muslim president, Alija Izetbegovic, to return to peace talks in Geneva.

On Sunday, Mr. Izetbegovic said the talks were "in jeopardy" because the Serbs had failed to live up to an earlier promise to leave the high they had seized. General Mladic seemed to be doing the very minimum necessary to bring Mr. Izetbegovic back to the talks. Previously, the Bosnian Serbs' political leader, Radovan Karadzic, had promised the troops would return to lines held before July 30, when the latest Serbian offensive began.

But United Nations officers said Muslim and Serbian factions could not agree on where those lines had been that day. The Muslim military leader, General Rasim Delic, said in a television broadcast "we will wait and see" whether UN action would enable a resumption of the Geneva talks.

The UN force is now in the position of having to interpose itself between the withdrawing Serbs and the Muslim forces. The Serbs are eager have UN forces secure their flanks while they redeploy their troops elsewhere in further press Muslim territory, as they have done after similar agreements.

General Mladic warned the UN not to allow that to happen. "We shall keep ourselves at a close distance," he said, watching the UN force and the manner in which it acts to see if it deserves the Serbs' confidence.

General Mladic said that as confidence grows between the United Nations and himself, he would order his troops to withdraw from the positions. "one by one," Lieutenant General Francis Briquemont of Belgium, commander of UN forces, said

he had doubts about the general's pledge and the ability of the Muslim commanders to keep their forces from trying to profit from the Serbs' withdrawal. In Geneva, meanwhile, mediators are pressing the Muslim-led government of Bosnia-Herzegovina to cede a significant portion of Sarajevo to the Serbs as part of an overall peace settlement, according to United Nations and Bosnian officials.

Another U.S. Diplomat Quits
Jon Western, a State Department official investigating war-crimes accusations against Serbs in Bosnia, has submitted his resignation to protest a not-tough-enough U.S. policy toward the conflict in Bosnia, The Associated Press reported from Washington.

The resignation follows the departure last week of Marshall Freeman Harris, the desk officer who monitored the conflict in Bosnia.

BOSNIA: NATO Aides Consult on Final Arrangements for Air Strikes on Serbs if Ordered

Continued from Page 1

intervention carried the risk of widening the conflict to include regular forces of the former army of federal Yugoslavia. Now, however, the Belgrade government is thought to be ready to see the wings of its surrogate forces in Bosnia clipped.

The Clinton administration portrayed this new Western consensus as a diplomatic victory, with officials saying that Secretary of State Warren M. Christopher — in contrast to his unimpressive bid for European support in April for air strikes — had to warn the allies that they would jeopardize support in Washington for NATO if they talked at tougher terms.

In fact, France and Britain have been ready for limited military action as Serbian militias have started

attacking UN peacekeepers. But even now, the Clinton administration has not won approval for a sweeping air campaign to smash the Serbian forces' backbone — a decisive stroke favored by the Pentagon.

There is not even unanimity behind the Clinton administration's demand that Serbian forces must lift the siege of Sarajevo — in effect, withdraw their tanks and artillery from two peaks over the city.

The peaks, which control the airport supply lifeline, are viewed as vital to prevent Serbian gunners from eventually starving out the Muslims in Sarajevo.

Even coming so late in the conflict, the commitment to military action is a politically momentous step, marking the first time that NATO sets battle plans in its untried role as a peacekeeping force in Eastern Europe.

Anxious to avoid allied frictions of the sort accompanying the UN intervention in Somalia, NATO pursued detailed operational planning this weekend at the headquarters to ensure its command system could handle the operations.



Muslim soldiers keeping a vigil Sunday in Sarajevo although there was a lull in the fighting.

For Injured Girl, No Way Out

Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Irma's shoulder is the color of milk. It is sharp, because she is skinny, and it looks a little awkward, peering out from the sheets of her hospital bed. Her right arm thrashes. Her head is tilted against the back of her neck, locked in a contorting cramp. "My head hurts," she says between sobs that sound bizarre coming from the mouth of a 5-year-old.

Her father, Ramis Hadzimiratovic, is sitting next to her bed, his hands roaming the hands, wrists and arms of his daughter. Eyes fixed to her face, he repeats, "I'm here, I'm here."

Irma is a patient in the emergency ward of Sarajevo's French Hospital, with shrapnel in her back, stomach and spinal cord. In any other country in Europe, her medical condition would not be that grave, but in Sarajevo, blockaded for 16 months by Serbian forces, Irma has little chance of surviving.

The hospital's only X-ray machine runs off a generator and does not produce clear pictures. Her physician, Dr. Edo Jaganac, believes that there might be hemorrhaging or an infection in her brain, but he cannot prove it without better diagnostic equipment. "I can't believe she's still alive today," Dr. Jaganac said.

A solution to the problem would be immediate medical evacuation by the United Nations High Commissioner for Refugees, but that apparently is impossible. One UN official involved in such actions is on vacation; another, Donald Achesson, left Sarajevo on Sunday, refusing to comment about the case. A third is in Zagreb, Croatia, and could not be reached, while a fourth is actually based in Cambodia.

"Everybody is passing the buck," said a senior UN official in Sarajevo. "No one wants to make a decision to save a life."

The story of the last three weeks in the once lively life of Irma Hadzimiratovic could easily be a parable for the well-meaning but ill-fated international operation to save Bosnia's Muslims. Obstructed by bureaucracy, any plan to save Irma is now in danger of collapsing because the people with the power are either not in their offices or unwilling to take responsibility if something goes wrong.

"The West says they want to help us, but when it comes down to it, they can't quite get it done," Dr. Jaganac said. "One day Bill Clinton says, 'I will bomb,' and then the next day, 'I will not bomb.' One day Achesson says he'll help me, and the next he's out of town. It's not serious. It's a comedy. And this girl could lose her life."

Earlier in the war, such cases used to be moved out quickly from Sarajevo.

In March, however, UN officials decided to establish a commission of four doctors — representing Unicef, the World Health Organization, the refugee commissioner and the UN Protection Force in Bosnia — who decide the evacuation cases.

Now, instead of having the power to move people out immediately, the commission meets once every four to six weeks. Since it was formed, it has not approved one emergency medical evacuation.

Since his first request for evacuation, Dr. Jaganac said, Irma's condition has worsened. She has had convulsions twice, indicating that something is wrong with her brain. And her neck is cramped, another sign of potential brain damage.

"They can find a million reasons not to take her out," he said. "They say they are here to take care of general things and not personal problems. But what kind of general things have they taken care of? It's 16 months of war, and what have they really done? Why don't they just go home if they don't want to do anything? Thank you very much, we can die here by ourselves." — JOHN POMFRET

BRIDGE

By Alan Truscott

BRIDGE partnerships, like marriages, often crumble. Michael Becker of Teaneck, New Jersey, and Ron Rubin of Aventura, Florida, have played together for 17 years.

It was a surprise, therefore, when Becker showed up at the Eastern Regionals in Manhattan in May to play with Michael Kamil of Teaneck, New Jersey, in the Green Point pairs. They duly won, aided by some skillful defense on the diamond deal.

The opening bid of one club by South was Precision, strong and artificial. North-South then avoided the obvious four-heart contract, which was quickly defeated at some other tables after a spade lead, a spade ruff, and diamond lead and another spade ruff. The actual three-no-trump was trickier.

The singleton spade was ducked, and South won and cashed the heart king. This was normal play, but it turned out that an immediate heart duck would have had more success.

When Kamil, West, was allowed to win the next heart lead, he made the crucial play of a third heart. This cut South's communications with the dummy, and he was forced to take his two heart winners. He could not then score more than one diamond trick, since East held up his diamond ace for a round, and the contract failed by a trick. The play was still tricky, but all South could score was four heart tricks, two spade tricks, and one trick in each minor suit.

When it was all over, and the winners had collected the first prize of \$2,135, Becker was asked when he had last won a major event with someone other than Rubin. After

some thought he concluded that this was only the second time in 17 years.

NORTH (♠)		
♠ 10 9 5 2		
♠ A 10 8 3 2		
♠ Q J 8		
♠ 10		
WEST		
♠ 3		
♠ Q J 6		
♠ 10 9 7 6		
♠ K 9 8 4 3		
EAST		
♠ A Q 7 6 4		
♠ 9 4		
♠ A 5 3 2		
♠ J 5		
SOUTH		
♠ K J 8		
♠ 7 5		
♠ K 4		
♠ A Q 8 7 2		

North and South were vulnerable.

The bidding:		
North	East	South
1♣	1♠	1NT
2♣	2♦	2NT
Pass	Pass	3NT
Pass	Pass	Pass
West led the spade three.		

BOOKS

THE WISH FOR KINGS: Democracy at Bay

By Lewis H. Lapham, 213 pages, \$22. Grove/Atlantic Press.

Reviewed by Herbert Mitgang

THE self-important personalities and their courtiers who are skewered with delight by Lewis Lapham in "The Wish for Kings" may call to mind the closing line of Mort Sahl's comic turn at the old Hungry 1 in San Francisco: "Is there anyone here I haven't insulted?"

Lapham, the editor of Harper's magazine, is impartial in his choice of people who sully the state and the democratic order. He smites Democrats and Republicans alike, Ross Perot (especially), the hired guns in the public relations companies who represent Latin American dictators with the sincerity of snake-oil salesmen, the spear-carriers in the press for Washington's powers-that-be, the cabbage-heads in high office who behave like kings.

A few themes run through the five overlapping, occasionally repetitious essays in Lapham's book: The wealthy nobles in Washington and in American society aren't noble characters. Instead, they're conmen who have bought their way into court favor by hook, crook and hypocrisy.

At the court of Louis XIV in 17th-century France, people occupied themselves with small distinctions: those greeted at the door, those offered armchairs, those deemed worthy of being seen off in their coaches. The author sees similar distinctions in official Washington: those assigned government cars, those awarded parking spaces at National Airport, those invited

to sit in the box of the high and mighty at RFK Stadium.

Lapham traces the roots of the antidemocratic court society in Washington to the beginning of the Cold War. To be sure, there have been courtiers around almost every administration. But, he says, the Soviet menace justified "an always larger ruling class and the demand for always larger sums of money, and for 40 years the patriotic hymn in Washington was scored for trumpets and muffled drums, more weapons, more power, more wiretaps, more grandeur.

Lapham also criticizes institutions and businesses that serve the graces in Washington's royal court, like the American Enterprise Institute, the Heritage Foundation, the Securities Industry Association, and, in particular, the public relations firm of Hill & Knowlton, "a consortium of prominent influence peddlers."

Lapham may not be as subtle a wordsmith as H. L. Mencken or Gore Vidal, but he's surely more choleric (or, if you like his outspokenness, more courageous) than any magazine editor in the United States today.

While he's not big for Barbara Streisand and other court jester around the White House, he's will around the White House, he's will to give the Clinton administration and democracy a chance to break the royal embrace. As he puts it calmly: "For the time being at least, in the moment of profound change at the end of the Cold War, the advantage lies not with the policies of fear and restraint but with the reaching of the human spirit."

If you happen to agree with the author's enemies' list — and are fortunate enough not to find yourself on it by category if not by name — then you will read his book of essays with pleasure. Even if you disagree, you'll still find that his writing ranges from impassioned to eloquent.

Herbert Mitgang is on the staff of The New York Times.

As part of the continuous round-the-year bidding scheme for exploration acreages, the Government of India announces the Sixth Round of Bidding for exploration in India. Companies are invited to bid for the exploration blocks on offer. 23 blocks from those offered in the Fifth Round of Bidding are being offered again in the Sixth Round. In addition, 23 other blocks are on offer, making a total of 46 blocks on offer, with 17 of them being offshore and 29 onshore. Companies may bid for one or more blocks, singly or in association with other companies.

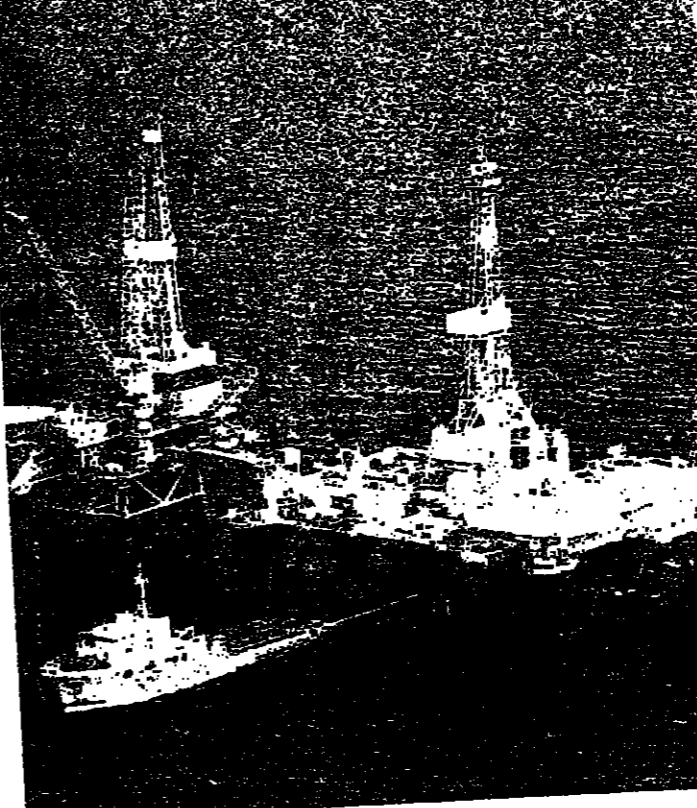
CONTRACT FEATURES

Production-sharing contracts would be entered into by the Government of India and Oil and Natural Gas Commission or Oil India Limited with successful companies, with a number of attractive features, the more prominent of which are as follows:-

- ★ The possibility of a seismic option in the first phase of the exploration period
- ★ No minimum expenditure commitment during the exploration period
- ★ No signature or production bonus
- ★ No royalty payment
- ★ Progressive fiscal regime with sharing of profit oil/profit gas being tied to the post-tax profitability of the venture for the companies
- ★ No ring fencing of blocks for corporate tax purposes
- ★ Provisions for encouraging the production and marketing of gas
- ★ Purchase of company's share of oil at international market price.
- ★ Provision for assignment.
- ★ Provision for international arbitration



GOVERNMENT OF INDIA
NOTICE INVITING OFFERS
FOR
EXPLORATION
FOR
OIL & NATURAL GAS
SIXTH ROUND
OF
BIDDING
(1993)



- BID ITEMS**
- Companies would be required to bid for:-
 - ★ Profit oil and profit gas shares expected by the contractor at various levels of rate of return or multiples of investment recovered.
 - ★ Percentage of annual production expected to be allocated towards cost recovery.
 - ★ Total length of exploration period, number of phases in exploration period and minimum work commitment in each of the phases.

INFORMATION AVAILABILITY
A brochure giving details of the blocks offered, their geographical location on a map of India and the contract terms will be made available free of cost to companies.

To enable companies to assess the geological prospects of the blocks on offer, information dockets and data packages are available on sale. Separate information dockets on each basin are available, containing information on regional and local geology and the current status of exploratory activities in the blocks in each basin. The data packages contain seismic sections, gravity and magnetic anomaly maps, wireline logs and structure contour maps etc. and have been prepared for most of the blocks.

Companies interested in inspection and purchase of information dockets and data packages and in obtaining further details regarding the offer may contact:

Mr. R.N. Desai
Head, EXCOM Group
Oil and Natural Gas Commission
7th Floor, Bank of Baroda Building
Parliament Street
New Delhi-110 001, INDIA
Telephone: 3317205, 3715291
Telex: 031-85184, 031-66262
Facsimile: 3316413
Bids should be submitted in sealed envelopes superscribed "Confidential" "Sixth Round of Bids (1993)" not later than 3.00 PM on 31st December, 1993, to:
Director General of Hydrocarbons
Ministry of Petroleum & Natural Gas
2nd Floor, Shastry Bhawan
Dr. Rajendra Prasad Marg
New Delhi 110 001, INDIA



CHIRANNI

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

First, Own Up to the Past

As Japan begins its quest for a cleaner, more open political future, it nervously glances back at World War II era brutalities that it has never properly acknowledged.

in the past." That is especially necessary since many of these new leaders want Japan to shed the diplomatic constraints it has accepted since 1945 and again pursue an assertive foreign policy.

For Security in South Asia

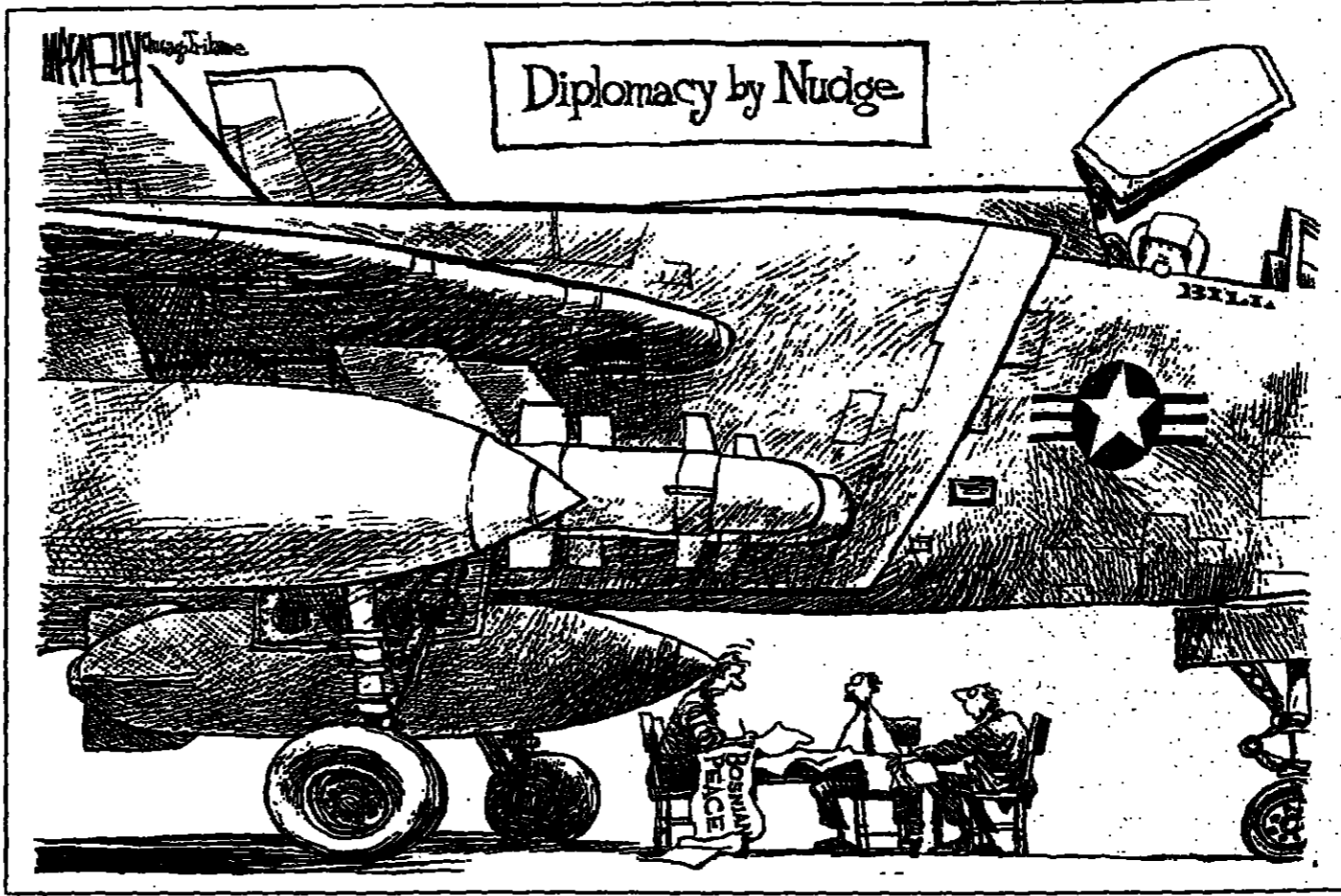
India and Pakistan both have the parts and skill to assemble sizable nuclear arsenals within weeks, if they have not done so already.

abide by the Missile Technology Control Regime. Mr. Baker understood that to mean that China would not export its M-11 missiles.

Russia and the Others

It is the right time, with Yugoslavia in fragments and some of the fragments still consumed by war and others on the verge for the United States to be worrying that something similar might yet befall the former Soviet Union.

affairs is scary. Some of the particular inflammations — possible struggle between Russia and Ukraine, aggravations of political Islam — could bear directly on the American interest.



The World Reels in the Backwash of the Cold War

By William Pfaff

PARIS — With the end of the Cold War, the world passed from a bipolar to a post-bipolar international political universe.

It was America's political client, and were seen to be such. The postwar system is being destroyed in Italy — another implosion.

proclaimed revolutionaries collaborated in civil crime, and criminal organizations committed political crimes — of which the bombings in Florence, Milan and Rome in recent days are the latest desperate manifestation.

Now Back to Europe's Drawing Board

By Jim Hoagland

WASHINGTON — Unstable currencies and bitter arguments between Germany and France have sent Europe back to the drawing board, not to the graveyard.

centralized, quasi-federal vision of such a Europe. That document was a hasty and bureaucratic attempt, engineered by the French and their allies, to anchor a newly unified Germany with heavy new European obligations, chiefly in the monetary field.

Stop Embellishing the Jobs Picture

By Bob Herbert

NEW YORK — After a marathon struggle, Bill Clinton has his budget deal. Now would be a good time for his administration to stop giving the public a false impression about job creation.

good jobs," said Dean Baker, a research economist with the Economic Policy Institute in Washington. "Overwhelmingly they're poorly paid, less secure, and less likely to have benefits. A lot of them are in retail trade, so we're having people going to work in 7-11s, McDonald's... a lot of restaurant work."

could not find other work. "Many people who are self-employed have no income," he said. Yet they are still counted as employed. There are many reasons for the widespread gloom over jobs. Major firms are downsizing, government and business are overburdened by debt, federal taxes are increasing, federal spending is decreasing, and there is an enormous employment drag caused by the post-Cold War contraction of defense spending.

Still Time To Get Serious

By Frederick Bonhart

B RUSSELS — In Sarajevo, people are maimed or killed daily while trying to scrape together the bare necessities of life. Casualties pour into hospitals without running water and electricity where surgeons have to operate without anesthetic and take shortcuts on hygiene.

Under pressure from Washington, NATO decided last Monday to prepare stronger measures, including air strikes, against the forces responsible for the deteriorating situation, particularly in Sarajevo. But this warning, directed for the first time specifically at the Bosnian Serbs, will be ineffective.

positioning. Pension funds in Chicago and London are among the decision-makers in today's currency battles. Without full cooperation from the Bundesbank, the Maastricht model of forging political unity through monetary discipline could not work.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Argentina Revolt

NEW YORK — The Herald correspondent telegraphs: In La Plata, the Governor's forces are demoralized and the siege is expected to be raised tomorrow [Aug. 9].

1918: Pacifists Rebuffed

LONDON — In the House of Commons today [Aug. 8] the Pacifist group insisted that more effort be made to bring about peace.

1943: Berlin Exodus

LONDON — [From our New York edition:] The German radio said today [Aug. 8] that more than 1,600,000 women and children would leave Berlin.

International Herald Tribune advertisement listing contact information for the New York, London, and Paris offices, including phone and fax numbers.

CAPITAL MARKETS

By Waiting to Cut Rates, Banks Punish Speculators

By Carl Gewirtz, International Herald Tribune

PARIS — There is a new war of nerves between European central banks and speculators as the banks refuse to cut interest rates. The speculators bet correctly that the narrow 2.25 percent fluctuation bands for currencies in the European Monetary System's exchange-rate mechanism could not be maintained.

By refusing to cut rates — and thereby minimize the weakness of their currencies — the Continental central banks are putting a squeeze on the speculators who have to decide whether to get out now or wait for the anticipated big profits once interest rates start to plummet.

It is expensive for speculators to maintain their positions.

The experience of the Danish krone provides a good example. It was massively sold the week before last at its then-floor rate of 3.9016 per Deutsche mark.

In Paris, the franc fell as low as 3.53 per mark but recovered to 3.4825. The Bank of France on Friday reopened its five-to-10-day lending rate that had been suspended in the run-up to the crisis but kept the rate at 10 percent rather than restore the pre-crisis level of 7.75 percent.

At the same time, the mark itself has weakened within Europe as money market rates in Germany have declined — largely under the weight of the enormous liquidity injected into the market via official intervention in the futile attempt to preserve the fixed narrow band exchange-rate mechanism.

Meanwhile, these central banks are actively reconstituting their lost reserves. Market sources, citing the sharp drop in the price of gold, said they believed the central banks have been selling gold as well as short-dated U.S. Treasury securities to raise dollars.

These sources also said the French central bank has been selling dollars and buying marks over the past week at an average price of 1.7250 DM while the franc was at about 5.90 per dollar. This is advantageous for the Bank of France because it results in an implied mark-franc exchange rate of 3.42 — the level at which France lost most of its reserves.

[Market analysts quoted by the Sunday Times of London also see FRANC, Page 9]

Japan's Distribution Web Frays

By Steven Brull, International Herald Tribune

TOKYO — The cosmetics shelves are nearly always empty at Kawachiya, one of Tokyo's oldest discount retailers. The company's president, Yukio Higuchi, says he simply cannot buy enough, especially from Shiseido Co., which last month cut off all supplies after 30 years of business.

The ban is punishment for offering Shiseido's cosmetics at low prices, the 65-year-old Mr. Higuchi said.

The dispute between Mr. Higuchi and Shiseido, the biggest company in the Japanese cosmetics industry, is at the center of a slowly building controversy that is about to shake Japanese retailing to its foundations.

According to Mr. Higuchi, discounting, more than anything else, angers Shiseido, which he says has a long tradition of pricing its product at high margins and controlling a highly inefficient distribution system.

"Try to discount, and they try to squash you," Mr. Higuchi said. Kawachiya, which set up Japan's first discount liquor store in 1964, has filed an antitrust complaint against Shiseido with the Fair Trade Commission.

Shiseido denies any wrongdoing, saying it stopped supplying Kawachiya's eight stores because they were engaged in wholesaling, a violation of the sales contract. The company also denies Mr. Higuchi's charge that it had offered to pay 120 million yen (\$1.15 million) of promotional expenses as a bribe to stop discount sales.

The commission could rule by late this year. And if, as many analysts expect, it decides in favor of the discounter, the decision could drastically alter Japanese retailing.

"The ripple effect would be tremendous," said Tadayuki Suzuki, an analyst at Merrill Lynch. "There would be massive deterioration of prices, faster than anyone imagines."

A more efficient distribution system could bring relief to consumers, and companies exporting to Japan could find it easier to price goods competitively and get products on store shelves.

The increase in consumption that could result might also provide a lift to the Japanese economy and help reduce the nation's trade surplus, which is headed for a total in excess of \$150 billion this year.

Japan's retailing industry has, in fact, been in a slow restructuring for years. But it remains largely a creature of an era when government policy was aimed at keeping prices high to fatten corporate profits, discourage consumption and promote savings for capital investment. About 70 percent of all retail prices in Japan are still controlled either officially or unofficially, Mr. Suzuki said.

The government this year reduced the

See JAPAN, Page 9

GM Welcomes VW Admissions On Documents

Compiled by Our Staff From Dispatches

FRANKFURT — General Motors Corp. welcomed on Sunday a surprise acknowledgment by Volkswagen AG that former GM employees who moved to VW had taken secret documents with them.

VW admitted after a special meeting of its board of directors late Friday that former GM employees had brought with them documents that "may have contained sensitive information." It did not name the employees and said the documents were destroyed to prevent "any danger of their distribution at Volkswagen."

It was the first time Volkswagen, Europe's No. 1 automaker, had suggested it may have received secret GM documents.

VW also said its loss in the second-quarter narrowed to 355 million Deutsche marks (\$207 million) from 1.25 billion DM in the first quarter; it earned about 243 million DM in the second quarter of 1992.

GM's German subsidiary, Adam Opel AG, and VW have been fighting a bitter battle over allegations of the former GM managers stole Opel secrets when they joined VW.

VW has hotly denied the allegations, which arose shortly after GM's former purchasing chief, José Ignacio López de Arriortua and a number of other former GM employees left the U.S. company. Prosecutors are investigating.

Opel's management board said it welcomed the "late admission of VW's supervisory board that confidential Opel documents were in the hands of VW employees."

It said the acknowledgment was of "extraordinary importance for the public prosecutor and his investigations" and that the admission proved VW had access to and had been in possession of the documents.

Nonetheless, a VW spokesman on Sunday insisted that his company had received no Opel secrets. The company's internal investigation had found no justifications for accusations of industrial espionage.

VW said potentially sensitive documents were destroyed at its

quest house in Wolfsburg, the company's headquarters, and in Wiesbaden "to eliminate any danger of their being distributed at Volkswagen." German prosecutors last month found four cartons of GM documents in the Wiesbaden apartment of a López colleague.

VW did not say when the documents were destroyed or what information they contained.

The VW announcement came after a closed meeting of more than four hours that ended with directors expressing faith in Mr. López and Chairman Ferdinand Piëch.

Mr. Piëch said after the meeting that he expected VW to return to profitability during the current quarter — thanks in large part to cost-cutting measures introduced by Mr. López. Volkswagen lost a total of 1,602 billion DM in the first half, compared with 445 billion DM of profit in the first six months of 1992. (Reuters AP)

China Sees 12% Inflation for the Year

Compiled by Our Staff From Dispatches

BEIJING — Inflation is likely to remain around 12 percent to 13 percent through the end of the year despite government efforts to cool off the economy, government analysts were quoted Sunday as saying.

The State Statistics Bureau has said that inflation nationwide averaged 12.5 percent annually over the first half of the year. The China Daily newspaper quoted Lai Guangxian, director of the State Information Center's economic forecasting department, as predict-

ing an average rate of 13 percent over the second half.

Getting inflation much below that would require strenuous controls over investment in fixed assets, which the China Daily called a "daunting task."

No prediction was made for inflation in major cities, which has been running much higher. Prices at the end of June in 35 major cities were 21 percent higher than a year earlier.

The high inflation rate — China's highest since 1988 — has

aroused government fears of social instability. Authorities raised interest rates in May and July, ordered banks to recall high-risk loans and began cracking down on speculative investments in an effort to cool off the economy.

The official newspaper People's Daily said Saturday that Beijing's call to strengthen control over growth, which has been as high as 14 percent, had yielded "preliminary results in certain areas."

But in a separate, strongly worded commentary, the newspaper said local officials must obey the new policies and stop trying to shield their regions from the go-slow order.

Some regions and work units were not united behind the new policies, the paper said. "Some feel the problem is not that serious," it said, "some stress too strongly that their situation is special and ask to be treated as exceptions," and others continue to seek fast profits.

Beijing in June put Deputy Prime Minister Zhu Rongji in charge of tightening credit and slowing development.

One key element of Mr. Zhu's plan was the forced sale of this year's state treasury bonds, which had languished unsold as people pumped money into more lucrative investments.

The People's Daily said in its report Saturday that the bond sale

had been completed, and it listed what it said were other accomplishments of Mr. Zhu's program: "Individual citizens' bank savings have gone up again, the prices of foreign currencies on the regulating exchange market are fairly rational, and the fever for real estate speculation and for opening up development zones has cooled."

■ Taiwan Trade Gap Grows

China estimates its unofficial trade with Taiwan will exceed \$10 billion this year but is concerned at the imbalance in the trade, as goods from Taiwan flood into the mainland, news agencies reported.

The trade is conducted through Hong Kong on an unofficial basis, as Beijing and Taipei have no formal relations. The China Daily said Sunday that Taiwan's overall trade had widened, with China running a trade deficit with Taiwan of \$3.4 billion in 1991, \$5.1 billion last year and more than \$5 billion in the first half of this year.

Mr. Wu said that despite the robust trade, the deficit could "seriously hedge smooth development of two-way trade."

Taiwan exports mainly industrial raw materials and spare parts and imports Chinese medicinal herbs and farm goods. (UPI, AP)

Madrid Notebook

If Controls Are Lifted Why Not Taxes, Too?

There are signs Spanish companies are indulging in large-scale tax avoidance since the scrapping of EC border controls.

Frederic from the obligation to declare value-added tax at customs points, companies must now file monthly or quarterly returns. But only 25,600 Spanish companies made such declarations in the first quarter of 1993, while Spain's EC partners reported that they traded with 49,000 should-be Spanish contributors.

That represents a 48 percent rate of nonpayment, and a severe shock to the Spanish treasury. "Never in my long experience have I come across such a high proportion of nondeclaration," a director at the state fiscal agency said. "A considerable number of contributors are taking their August holidays with VAT returns."

It Pays to Advertise

When Banesto announced the biggest equity rights issue in Spanish history this year, there was reason to be skeptical. Profits at the bank were collapsing, bad debts soaring and its industrial portfolio was highly exposed to the economic downturn. Yet, on Monday, Banesto will foil the skeptics and show that nearly 100 percent of the first 53 billion peseta (\$380 million) share of its 130 billion peseta capital expansion, has been sold.

The secret of its success? A television station, a prestigious North American bank and a cyclist. Backed up by Spain's Antena 3 television channel, in which Banesto won a key minority stake last year, the bank launched an impressive marketing campaign to convince investors of its worth.

It recruited J.P. Morgan's Corsair fund as a headline investor — and coughing up a 3.8 billion to 4.5 billion pesetas in commissions — and sponsored Spain's top sportsman, Miguel Indurain, on his pursuit of a third consecutive victory in the Tour de France bicycle race.

While J.P. Morgan attracted the institutional investors, the cyclist won the hearts — and cash — of the Spanish public.

All Things Reconsidered

The first 100 days of Felipe González's new government have been as confusing as the last 100 days of his previous one. But beneath the surface, Mr. González has been clearing out the dead wood, the August holidays have been canceled, and a clearer policy direction is beginning to emerge.

All eyes are now on 1994 budget, which will test the mettle of the new finance minister, Pedro Solbes. "The errors of the past three years have been so colossal that there is no further room for complacency," said José Folgado, economics director of the Spanish business federation, CEOE. "Everything must be reconsidered."

That includes Spain's still-young social welfare system, which is being targeted for cuts. "Social security spending not only needs to be contained, but a fundamental reordering of the system is necessary," said Antonio Palido, chief economist at the FG brokerage house. "Pedro Solbes is independent and a technocrat. This may help him to clean everything that needs to be cleaned."

The government has embarked on negotiations for a broad social and economic pact with both unions and employers, which would moderate wage growth and reform the left-wing opponents of the former economy minister, Carlos Solchaga.

But many commentators still see Mr. Solchaga's shadow looming large. "Carlos Solchaga is González's right-hand man," said one commentator. "He has at least as much power as he had before."

By Brian McGarry

Monetary Union Lives In the Ex-Soviet States

Compiled by Our Staff From Dispatches

MOSCOW — Russia will forge a monetary union with the two largest Central Asian states, Kazakhstan and Uzbekistan, preserving the ruble as a common currency, leaders of the three ex-Soviet republics announced Saturday.

The declaration by President Boris N. Yeltsin of Russia, President Nursultan A. Nazarbayev of Kazakhstan and President Islam A. Karimov of Uzbekistan amounts to an economic union among the three states, which together account for two-thirds of the population of the former Soviet Union.

Negotiations will follow in coming weeks among the central banks and governments of the three states to draft a treaty to implement the union, the Interfax and Itar-Tass news agencies said. The countries also issued an open invitation for other former republics to join, but analysts said that few are likely to.

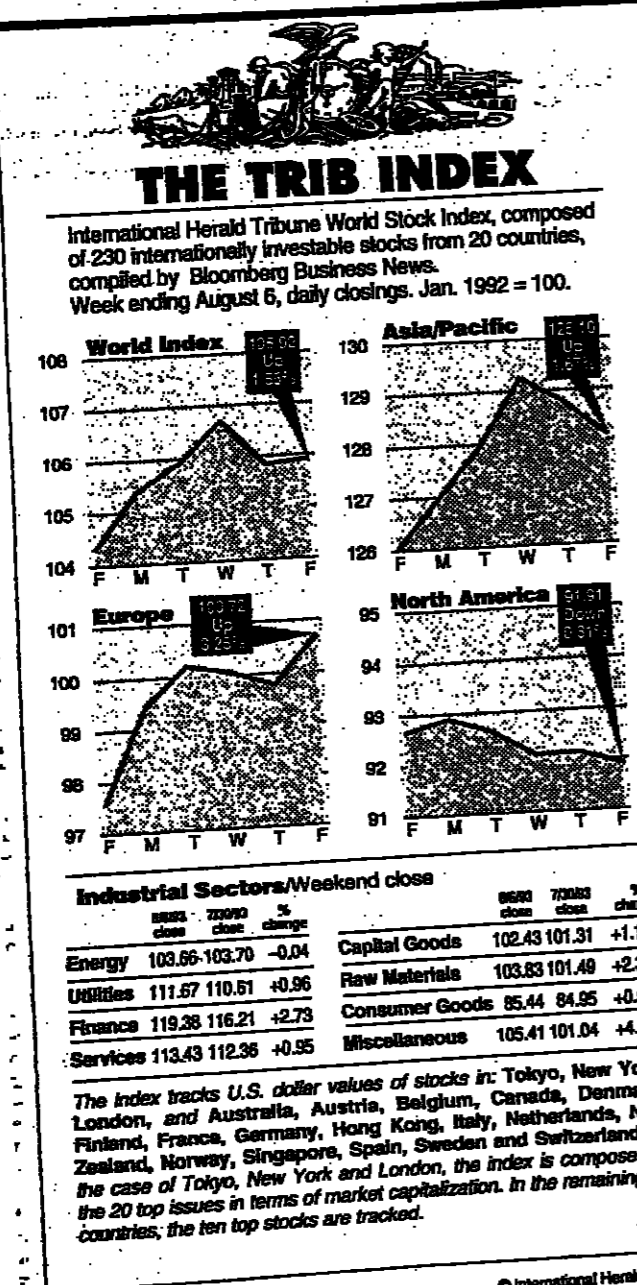
Moscow had announced in mid-

July plans to form a market union with two other former Soviet republics, Belarus and Ukraine. It was not clear what the effects of the Saturday accord on that announcement would be.

On July 24, Moscow stunned Russians and their neighbors with a decree withdrawing pre-1993 rubles from circulation. That decision soured relations with neighbors and caused monetary chaos for a handful of ex-Soviet republics still using the ruble.

Belarus and the Ukraine are both adopting their own currencies, although the Ukraine's karbovatnes has the dubious distinction of being the only currency to plunge faster than the ruble.

Under the tough terms set by Moscow for monetary union, Russia's Central Bank will give the marching orders to the other two states, dictating decisions on money supply, credit and interest rates. (UPI, AFP)



CURRENCY RATES table with columns for Currency, Par \$, and various exchange rates for major currencies like the British Pound, Japanese Yen, etc.

AP AUDEMARS PIGUET The master watchmaker. Advertisement featuring a large image of an Audemars Piguet watch and the text 'OUR MASTER WATCHMAKERS HAVE ALWAYS BEEN A LITTLE AHEAD OF THEIR TIME.'

Vertical text in Arabic script: من الالى 1550

Vertical text in Arabic script: can rob- the ry of . As col- with out. any-

MONDAY SPORTS BASEBALL

Orioles Defeat Indians, 7-6, on 11-Inning Sacrifice

The Associated Press
 Mike Devereaux's sacrifice fly with one out in the 11th inning gave the Orioles a 7-6 victory over the Cleveland Indians on Sunday in Baltimore for their seventh straight victory.

Wild one out in the 11th, McEwen doubled off the right-center field wall and advanced to third on

AL ROUNDUP

a wild pitch by Eric Plunk (4-4). Devereaux then lifted a fly ball to medium right field and Wayne Kirby's throw home was wide.

Todd Frohworth (5-4), the fourth Orioles pitcher, was the winner.

Pinch-hitter Thomas Howard led off the ninth with a double off Baltimore reliever Mark Williamson and was sacrificed to third by Alvaro Espinoza. After Greg Olson walked Reggie Jefferson, Sandy Alomar singled to score the tying run.

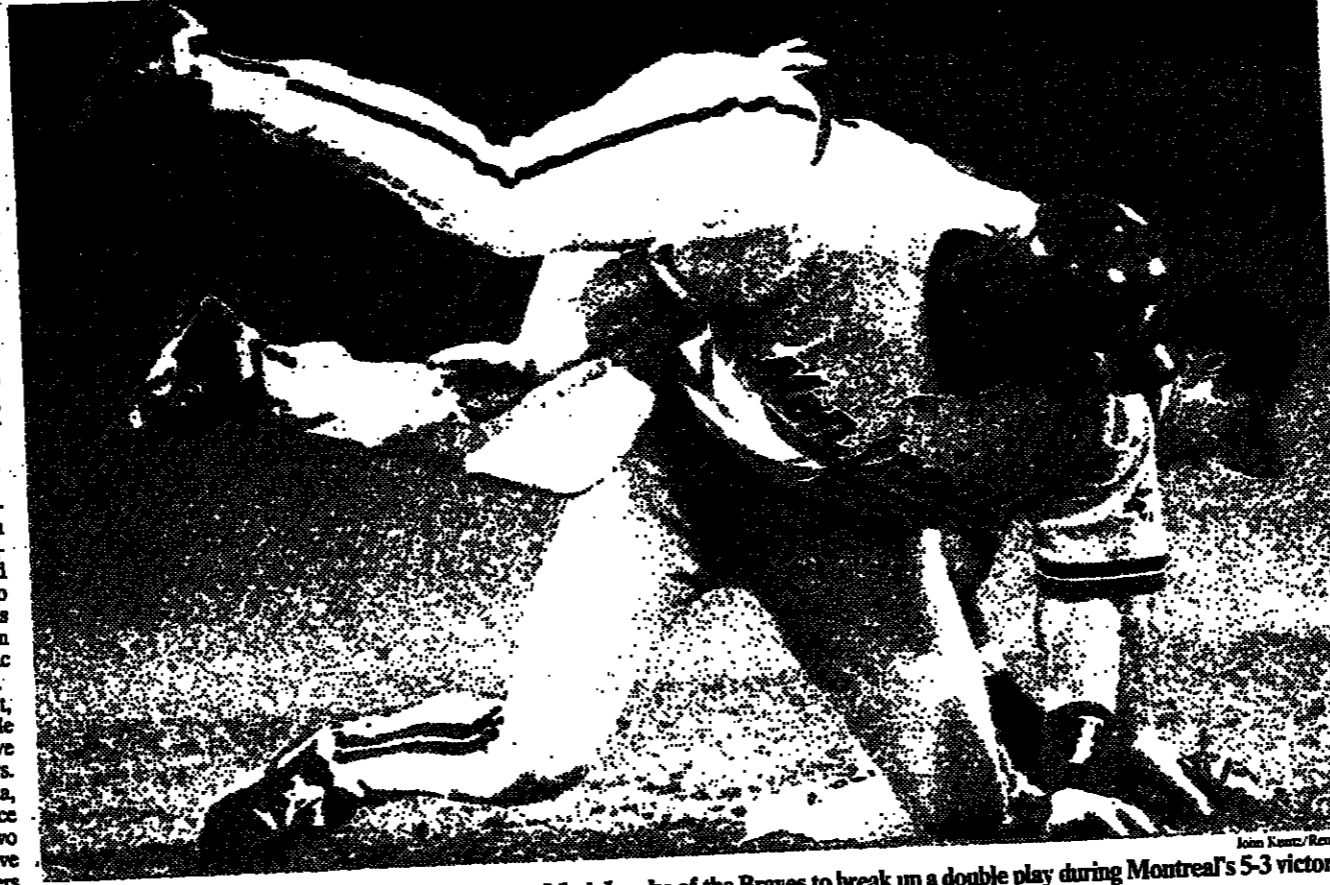
Tigers 5, Red Sox 1: In Detroit, Cecil Fielder ended a slump with two homers and five RBIs and former Boston pitcher Tom Bolton gave up one run in eight-plus innings. The victory moved the Tigers back to .500, and gave them their first series win since July 5-7 in Minnesota. Since then, they had lost five series and split two.

Bolton (1-4) won for the first time since April 26, allowing five hits and one walk. He struck out four while starting for the injured David Wells. He carried a shutout into the ninth when the Red Sox scored their only run on Bob Zupic's fielder's choice grounder with the bases loaded off Mike Henneman.

The start was just the fourth of the season for Bolton, and his first since May 8. In his first three starts, he was 1-1 with a 7.71 ERA.

Royals 4, Athletics 2: Rico Rossy hit a two-run single in the fourth and later scored on Brian McRae's RBI single to lead the Royals past Oakland in Kansas City.

Hipolito Pichardo (6-7) got relief help from Mark Gubicza, Stan Belinda and Jeff Montgomery for



The Expos' Larry Walker, safe at second, upending Mark Lenke of the Braves to break up a double play during Montreal's 5-3 victory.

Why All the Gloom? Baseball's Booming

By Murray Chass
New York Times Service

NEW YORK — As the bids soared in the auction of the Baltimore Orioles in U.S. Bankruptcy Court in New York, one of the many lawyers in the standing-room-only courtroom smiled gleefully and said in a stage whisper, "Keep going, guys. I like it, I like it."

The lawyer happened to represent one of the Orioles' minority owners, Sargent Shriver, who profited handsomely from the winning \$173 million bid. But in another sense, baseball profited, too.

The price, a record for an American sports team, caught the attention of fans and non-fans alike. The message they got was that baseball is not in danger of imminent demise, despite what they had been hearing from doom-sayers.

Baseball has this internal problem: Some officials want to celebrate the positives — the record

number of people flocking to games, the excitement of the division races, the attractive young players. Others only seem to emphasize the negatives — the high player salaries, the disparities in economic status among the 28 teams, the impending drop in television revenue.

But the game goes on. Entering the weekend, 47.5 million fans had attended major league games this season. That's a 22.5 percent increase from last season, and not all of it is attributable to the two new teams, the Colorado Rockies and the Florida Marlins. Even if their attendance were deducted, overall attendance would still be up by 4.4 percent.

The Rockies already have drawn 3.2 million fans and could entertain an additional 1.5 million, shattering the major-league record of slightly more than 4 million the Toronto Blue Jays set last year.

Fans have seen Barry Bonds and a new owner, Peter Magowan, resurrect the Giants into an exciting first-place team, the Philadelphia Phillies go from worst in their division to first in it.

John Olerud of the Blue Jays and Andres Galarraga of the Rockies threaten to become the first since Ted Williams in 1941 to hit 400 and Ken Griffey Jr. of the Seattle Mariners hit home runs in eight straight games and tie a record.

"There's no question baseball's picture is rosier than what some people are trying to paint," said Donald Fehr, head of the players' union and chief skeptic of the gloom-and-doom view of the game. "That doesn't mean it's free from troubles, but you don't see an industry in imminent danger of financial collapse — which is what some of them like to picture. We always say: Watch their actions, not their words."

If officials want to look for a potential problem, they could glance at their labor relations. Management is insisting that it won't happen, but players are discussing with increasing seriousness the possibility of striking next month.

But the fans aren't thinking about the season ending prematurely; like the players in a pennant race, they're taking it one game at a time.

Gant's Homer Leads Braves Past Expos, 3-2

The Associated Press
 Ron Gant had a two-run homer and drove in all the Atlanta runs in support of Steve Avery as the Braves ended a three-game losing streak with a 3-2 victory Sunday over the Montreal Expos in Atlanta.

Gant's 27th home run — his second in two games — broke a 1-1 tie in the fifth inning against Jeff Fassero.

NL ROUNDUP

Astros 6, Giants 5: In San Francisco, the Astros hit three homers to offset a three-run shot by Barry Bonds, and Greg Swindell snapped a four-game losing streak for Houston's first victory this season over the Giants.

Cardinals 4, Cubs 1: Bob Tewksbury continued his mastery over Chicago, and Lee Smith got the final out in St. Louis to avenge a blown save a day earlier. Tewksbury permitted five hits in 8 1/2 innings, struck out six and walked none.

Pirates 2, Mets 1; Mets 10, Pirates 8: In New York, Chico Walker's two-out pinch double in the seventh proved decisive, and New York snapped Pittsburgh's four-game winning streak in the second game of a doubleheader.

Steve Cooke won a pitching duel with Dwight Gooden, and Jeff King hit a two-run double in the opener.

Expos 5, Braves 3: In Atlanta, the Braves' defense broke down in the 10th, making four mistakes that gave Montreal two runs and the victory. A collision in the outfield; a blown rundown; a balk; and an error sent Atlanta to its third straight loss.

Phillies 8, Marlins 7: Lenny Dykstra drew Philadelphia's 12th walk and scored on Dave Hollins' two-out infield single, giving the Phillies a Miami victory in 10 innings in Miami. Darren Daulton drove in five runs for the Phillies with two homers against Jack Armstrong.

Reds 9, Dodgers 6: Shortstop Jose Offerman made throwing errors in the eighth and ninth innings, helping Cincinnati to victory over the Dodgers in Los Angeles.

Vantage Point

The price, a record for an American sports team, caught the attention of fans and non-fans alike. The message they got was that baseball is not in danger of imminent demise, despite what they had been hearing from doom-sayers.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 6, (Continued)

Symbol	Price	Change
AAOI	1.00	+
AB	1.00	+
ABT	1.00	+
ABX	1.00	+
AC	1.00	+
ACC	1.00	+
ACI	1.00	+
ACM	1.00	+
ACN	1.00	+
ACR	1.00	+
ACS	1.00	+
ACT	1.00	+
ACU	1.00	+
ACV	1.00	+
ACW	1.00	+
ACX	1.00	+
ACY	1.00	+
ACZ	1.00	+
AD	1.00	+
ADD	1.00	+
ADG	1.00	+
ADI	1.00	+
ADM	1.00	+
ADN	1.00	+
ADO	1.00	+
ADP	1.00	+
ADQ	1.00	+
ADR	1.00	+
ADS	1.00	+
ADT	1.00	+
ADU	1.00	+
ADV	1.00	+
ADW	1.00	+
ADX	1.00	+
ADY	1.00	+
ADZ	1.00	+
AE	1.00	+
AEG	1.00	+
AEL	1.00	+
AEM	1.00	+
AEN	1.00	+
AEQ	1.00	+
AER	1.00	+
AES	1.00	+
AET	1.00	+
AEU	1.00	+
AEV	1.00	+
AEW	1.00	+
AEX	1.00	+
AEY	1.00	+
AEZ	1.00	+
AF	1.00	+
AFG	1.00	+
AFL	1.00	+
AFM	1.00	+
AFN	1.00	+
AFQ	1.00	+
AFR	1.00	+
AFS	1.00	+
AFT	1.00	+
AFU	1.00	+
AFV	1.00	+
AFW	1.00	+
AFX	1.00	+
AFY	1.00	+
AFZ	1.00	+
AG	1.00	+
AGA	1.00	+
AGL	1.00	+
AGM	1.00	+
AGN	1.00	+
AGQ	1.00	+
AGR	1.00	+
AGS	1.00	+
AGT	1.00	+
AGU	1.00	+
AGV	1.00	+
AGW	1.00	+
AGX	1.00	+
AGY	1.00	+
AGZ	1.00	+
AH	1.00	+
AHA	1.00	+
AHL	1.00	+
AHM	1.00	+
AHN	1.00	+
AHQ	1.00	+
AHR	1.00	+
AHS	1.00	+
AHT	1.00	+
AHU	1.00	+
AHV	1.00	+
AHW	1.00	+
AHX	1.00	+
AHY	1.00	+
AHZ	1.00	+
AI	1.00	+
AIA	1.00	+
AIL	1.00	+
AIM	1.00	+
AIN	1.00	+
AIQ	1.00	+
AIR	1.00	+
AIS	1.00	+
AIT	1.00	+
AIU	1.00	+
AIV	1.00	+
AIW	1.00	+
AIX	1.00	+
AIY	1.00	+
AIZ	1.00	+
AJ	1.00	+
AJA	1.00	+
AJL	1.00	+
AJM	1.00	+
AJN	1.00	+
AJQ	1.00	+
AJR	1.00	+
AJS	1.00	+
AJT	1.00	+
AJU	1.00	+
AJV	1.00	+
AJW	1.00	+
AJX	1.00	+
AJY	1.00	+
AJZ	1.00	+
AK	1.00	+
AKA	1.00	+
AKL	1.00	+
AKM	1.00	+
AKN	1.00	+
AKQ	1.00	+
AKR	1.00	+
AKS	1.00	+
AKT	1.00	+
AKU	1.00	+
AKV	1.00	+
AKW	1.00	+
AKX	1.00	+
AKY	1.00	+
AKZ	1.00	+
AL	1.00	+
ALA	1.00	+
ALL	1.00	+
ALM	1.00	+
ALN	1.00	+
ALQ	1.00	+
ALR	1.00	+
ALS	1.00	+
ALT	1.00	+
ALU	1.00	+
ALV	1.00	+
ALW	1.00	+
ALX	1.00	+
ALY	1.00	+
ALZ	1.00	+
AM	1.00	+
AMA	1.00	+
AML	1.00	+
AMM	1.00	+
AMN	1.00	+
AMQ	1.00	+
AMR	1.00	+
AMS	1.00	+
AMT	1.00	+
AMU	1.00	+
AMV	1.00	+
AMW	1.00	+
AMX	1.00	+
AMY	1.00	+
AMZ	1.00	+
AN	1.00	+
ANA	1.00	+
ANL	1.00	+
ANM	1.00	+
ANN	1.00	+
ANQ	1.00	+
ANR	1.00	+
ANS	1.00	+
ANT	1.00	+
ANU	1.00	+
ANV	1.00	+
ANW	1.00	+
ANX	1.00	+
ANY	1.00	+
ANZ	1.00	+
AO	1.00	+
AOA	1.00	+
AOL	1.00	+
AOM	1.00	+
AON	1.00	+
AOP	1.00	+
AOR	1.00	+
AOS	1.00	+
AOT	1.00	+
AOU	1.00	+
AOV	1.00	+
AOW	1.00	+
AOX	1.00	+
AOY	1.00	+
AOZ	1.00	+
AP	1.00	+
APA	1.00	+
APL	1.00	+
APM	1.00	+
APN	1.00	+
APQ	1.00	+
APR	1.00	+
APS	1.00	+
APT	1.00	+
APU	1.00	+
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APY	1.00	+
APZ	1.00	+
AQ	1.00	+
AQA	1.00	+
AQL	1.00	+
AQM	1.00	+
AQN	1.00	+
AQQ	1.00	+
AQR	1.00	+
AQS	1.00	+
AQT	1.00	+
AQU	1.00	+
QV	1.00	+
QVA	1.00	+
QVL	1.00	+
QVM	1.00	+
QVN	1.00	+
QVQ	1.00	+
QVR	1.00	+
QVS	1.00	+
QVT	1.00	+
QVU	1.00	+
QVV	1.00	+
QVW	1.00	+
QVX	1.00	+
QVY	1.00	+
QVZ	1.00	+
QW	1.00	+
QWA	1.00	+
QWL	1.00	+
QWM	1.00	+
QWN	1.00	+
QWQ	1.00	+
QWR	1.00	+
QWS	1.00	+
QWT	1.00	+
QWU	1.00	+
QWV	1.00	+
QWW	1.00	+
QWX	1.00	+
QWY	1.00	+
QWZ	1.00	+
QX	1.00	+
QXA	1.00	+
QXL	1.00	+
QXM	1.00	+
QXN	1.00	+
QXQ	1.00	+
QXR	1.00	+
QXS	1.00	+
QXT	1.00	+
QXU	1.00	+
QXV	1.00	+
QXW	1.00	+
QXX	1.00	+
QXY	1.00	+
QXZ	1.00	+
QY	1.00	+
QYA	1.00	+
QYL	1.00	+
QYM	1.00	+
QYN	1.00	+
QYQ	1.00	+
QYR	1.00	+
QYS	1.00	+
QYT	1.00	+
QYU	1.00	+
QYV	1.00	+
QYW	1.00	+
QYX	1.00	+
QYY	1.00	+
QYZ	1.00	+
QZ	1.00	+
QZA	1.00	+
QZL	1.00	+
QZM	1.00	+
QZN	1.00	+
QZQ	1.00	+
QZR	1.00	+
QZS	1.00	+
QZT	1.00	+
QZU	1.00	+
QZV	1.00	+
QZW	1.00	+
QZX	1.00	+
QZY	1.00	+
QZZ	1.00	+

Symbol	Price	Change
AAOI	1.00	+
AB	1.00	+
ABT	1.00	+
ABX	1.00	+
AC	1.00	+
ACC	1.00	+
ACI	1.00	+
ACM	1.00	+
ACN	1.00	+
ACR	1.00	+
ACS	1.00	+
ACT	1.00	+
ACU	1.00	+
ACV	1.00	+
ACW	1.00	+
ACX	1.00	+
ACY	1.00	+
ACZ	1.00	+
AD	1.00	+
ADD	1.00	+
ADG	1.00	+
ADI	1.00	+
ADM	1.00	+
ADN	1.00	+
ADO	1.00	+
ADP	1.00	+
ADQ	1.00	+
ADR	1.00	+
ADS	1.00	+
ADT	1.00	+
ADU	1.00	+
ADV	1.00	+
ADW	1.00	+
ADX	1.00	+
ADY	1.00	+
ADZ	1.00	+
AE	1.00	+
AEG	1.00	+
AEL	1.00	+
AEM	1.00	+
AEN	1.00	+
AEQ	1.00	+
AER	1.00	+
AES	1.00	+
AET	1.00	+
AEU	1.00	+
AEV	1.00	+
AEW	1.00	+
AEX	1.00	+
AEY	1.00	+
AEZ	1.00	+
AF	1.00	+
AFG	1.00	+
AFL	1.00	+
AFM	1.00	+
AFN	1.00	+
AFQ	1.00	+
AFR	1.00	+
AFS	1.00	+
AFT	1.00	+
AFU	1.00	+
AFV	1.00	+
AFW	1.00	+
AFX	1.00	+
AFY	1.00	+
AFZ	1.00	+
AG	1.00	+
AGA	1.00	+
AGL	1.00	+
AGM	1.00	+
AGN	1.00	+
AGQ	1.00	+
AGR	1.00	+
AGS	1.00	+
AGT	1.00</	

New International Bond Issues

Table listing various international bond issues with columns for Issuer, Amount (millions), Maturity, Coupon, Price, and Terms. Includes Floating Rate Notes and Fixed-Coupons from various countries like Germany, France, and Denmark.

SHORT COVER

China Backs Off GATT Pledge

BEIJING (UPI) — China has retreated further from its goal of swiftly signing the General Agreement on Tariffs and Trade after failing to overcome the reservations of the United States, a state-run newspaper reported Sunday.

Federated Sues Executive

NEW YORK (NYT) — Federated Department Stores Inc. on Saturday sued Roger N. Farah, the chairman of its merchandising office, to prevent him from leaving the company to take a job as the chief merchant of R. H. Macy & Co., another department store operator and one of Federated's largest competitors.

Hyundai Equipment Settles Dispute

SEOUL (Reuters) — Workers at the construction equipment company in South Korea's Hyundai group voted over the weekend to return to work, ending a bitter labor dispute after more than a month.

Charges Lapse for Carrián Banker

HONG KONG (Reuters) — Fifteen remaining charges against Lorrain Osman, a banker connected with Hong Kong's decade-old Carrián scandal, have been dropped, meaning he could be freed within days.

For the Record

Maurizio Gucci was restrained from taking any action with respect to his 50 percent stake in Guccio Gucci SpA for a week, by a New York state judge. Investcorp SA, which owns the other 50 percent of the company, has been trying to win control of the luxury goods company.

FRANC: Waiting on Rates

Continued from Page 7 said that France was planning to issue bonds in British pounds and other foreign currencies to replenish its reserves.

No one in a position to know will say how much of the 100 billion DM spent collectively by the Bank of France and the Bundesbank has been repurchased.

Bankers of many nationalities were unwilling to speak on the record about the franc and its outlook these days, citing enormous pressure from the French government to keep mum.

"There's a witch hunt going on and with the lucrative profits to be earned in the coming privatization of state-owned companies we're all under severe constraint to say nothing," one London-based banker commented.

Bankers said official interest rates have not been cut for a number of reasons. Quite apart from the desire to minimize the gains of speculators, the central bank wants to reconstitute reserves.

That way, when rates finally are cut, the central banks will have the means to prevent the free-fall of the exchange rate experienced by Britain. In addition, they want the expected decline to start from levels of relative strength to eliminate any risk that exchange rates could be pushed to the 15 percent limit of the new ERM bands.

The pound slumped 16 percent, to a low of 2.31 DM, after Britain withdrew from the ERM and reduced interest rates. Sterling now is 11 percent above its low, buoyed by evidence that the country is emerging from its deep recession.

Nevertheless, one Frankfurt-based banker said: "France is playing with fire by delaying the rate cuts. The longer it waits, the deeper the recession is likely to be and the worse the anti-European opposition will be when it comes out of the woods."

Credibility Cited The Bundesbank has maintained a cautious stance in lowering interest rates to preserve its credibility and to prevent upsetting the market and capital market rates. Otmaz and capital market rates. Otmaz, a director of the central bank, said in a speech to be delivered Sunday, Knight-Ridder reported.

Soaking the Rich Imperils Savings

By Floyd Norris New York Times Service NEW YORK — The rich, as F. Scott Fitzgerald said, are different. These days, they are also a distinctly unpopular group in Washington. The Democrat-dominated government appears to be serious about taking money from them in its tax bill.

Budget Package Is an Ill Wind for Stocks

NEW YORK — President Bill Clinton's deficit-reduction package is a classic mix of good and bad news for stocks. Unfortunately for investors, the pluses may already be reflected in stock prices while the minuses are still to come.

The stock market could pay the price for the \$496 billion package as higher taxes pinch consumer spending and restrain corporate profits, fund managers said.

The effects will start to bite at year-end as wealthy individuals realize they did not withhold enough money — or make estimated payments sufficiently large — in 1993 to pay the higher taxes included in the plan.

"The withholding issue is a real sticking point of this bill," said Joseph Doyle, a principal at 1838 Investment Advisers L.P., with \$3.5 billion in assets. "A lot of people are going to find they underwithheld this year. The cash is going to have to come from somewhere, and that's when the problem begins."

The one percentage point increase in the corporate income tax rate — to 35 percent from 34 percent — "will trim as much as 10 percent off the earnings of some companies," said Timothy Connors, managing director at CoreStates Investment Advisers.

By contrast, the good news flowing from the latest attempt to tame the budget deficit may be largely in the past. Treasury bonds have been on a month-long rally that has driven the yield on the benchmark 30-year bond to record lows.

Traders reckoned the budget package would be approved, and that its combination of higher taxes and cuts in the growth of federal spending would crimp economic growth, thereby holding interest rates down.

The bond rally helped propel stocks to record levels, as investors sought to better the relatively paltry returns available on bonds and bank certificates of deposit.

The Dow Jones industrial average set a record close of 3,567.70 points last week, and remains near that level. The Standard & Poor's 500 Index also was near its all-time high, and the Nasdaq composite index of over-the-counter stocks ended at a record.

Smooth Sailing for Bonds Strong Demand for 30-Year Treasury Issue

NEW YORK — Economic growth that is at best sluggish has been boosting U.S. government bonds in recent weeks, and the passage of President Bill Clinton's deficit-reduction plan has removed an obstacle to further advances.

With interest rates falling across the board this summer, technical factors have exaggerated the effect on the 30-year Treasury bond, the market's bellwether. The issue, which expires in February 2023, rose 16/32 last week, to 107 25/32, slicing its yield to 6.53 percent from 6.55 percent a week earlier.

Twice last week, the issue ended at a record-low yield of 6.52 percent. The 10-year bond, on the other hand, slipped 7/32, to 102 31/32, where its yield was 5.84 percent, up from 5.81.

Mead Briggs, head of risk trade at Deutsche Bank Government Securities Inc., said demand for 30-year bonds reflected such factors as purchases for stripping, the separating of interest payments from a bond's principal; a search for the highest available yields at a time of low interest rates; and a forecast by Merrill Lynch & Co. that the difference between yields on 10-year notes and 30-year bonds would narrow.

Reduced supply of 30-year bonds also has been driving the market. The Treasury will sell that maturity twice a year, down from four times, as part of Mr. Clinton's plan to shift toward short-term borrowings. Yet the government seems to be taking advantage of the current popularity of 30-year paper by offering a larger-than-expected amount at its upcoming refinancing operation.

The Treasury is planning to sell a record \$38.5 billion of securities in its three-stage offering this week, topping the previous mark by \$500 million. The quarterly refinancing is to comprise \$16.5 billion in three-year notes, \$11 billion in 10-year notes and \$11 billion in 30-year bonds.

The market received the long-awaited refunding announcement and it was slightly bigger than expected, said Ron Connors, head of trading at Bear Stearns & Co. Analysts noted that the size of the long-bond auction was increased the most, with the Treasury bumping up the 30-year issue by \$2.75 billion from the May auction as part of its shift to semiannual sales. The 10-year-note sale was increased \$250 million and the three-year auction was raised \$500 million.

Demand for 30-year paper is so strong that the new bond offered a yield of just 6.46 percent in when-issued trading Friday.

Passage of the budget plan ought to help Treasury bonds stay on the march toward 6 percent yields, said Thomas Prappas, global strategist at Clemente Capital Management. "Long-term rates will come down more," Mr. Prappas said. "People have to convince themselves inflation is not a real concern in the U.S. economy."

Because the budget package raises taxes and cuts spending, "It's a deflationary package," Mr. Prappas said. "I think yields can go under 6 percent."

A fall in gold prices last week bolstered that view. The active December contract on the Commodity Exchange fell \$31.40, to \$379.90 an ounce. (Bloomberg, Reuters Knight-Ridder, UPI)

Yen Draws Safe-Haven Investors

NEW YORK — The dollar is very weak. The dollar is really just a bystander these days, and it is neither strong nor weak.

All of the above are true, or at least seem to be if you look at the numbers the right way.

Last week the dollar fell to a new low against the Japanese yen, trading at as low as 104 yen, a dollar value of 0.97 yen. It is down 18 percent against the yen over the past 12 months, and closed Friday at 104.425 yen in New York.

But over the same stretch, the dollar is up 15 percent against the German mark, the buffered anchor of the European Monetary System. So the greenback is strong. It closed Friday at 1.697 DM.

In fact, it is the yen's strength that is not to worry about. European unity may not arrive despite the Maastricht treaty, and expected European interest rates to decline, many investors and traders fled European currencies.

A generation ago, safety meant the dollar. Now that role goes to the yen, which has become the world's strongest currency as Japan mounts huge trade surpluses.

The Week Ahead: World Economic Calendar, Aug. 9 - 13

Table listing economic events for the week of August 9-13, 1993, categorized by region: Asia-Pacific, Europe, The Americas, and Global.

U.S. CREDIT MARKETS

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Euromarkets At a Glance

Table showing Eurobond yields, weekly sales, and labor rates for various European countries.

JAPAN: End of an Era Approaches for Big Retailers

Continued from Page 7 The change has been aided by a relaxation of controls on the opening of big and small stores, chiefly in response to American pressure during trade talks.

Consumers like American prices and there's little that department stores have to offer to someone who's not a yen billionaire," said Paul Heaton, an analyst at Baring Securities (Japan) Ltd.

If the new government of Morihiro Hosokawa succeeds in its goal of redrawing the nation's electoral districts, urban voters are likely to get more representation in parliament. That would probably also lead to a better deal for consumers.

Meanwhile, the restructuring of retailing and depressed consumer spending in the wake of the collapse of the bubble economy are devastating earnings at Japanese department stores.

Sales at the big stores in Tokyo fell 13.4 percent in June from a year earlier, the steepest slide since data began to be collected in 1965 and the 16th consecutive monthly decline, according to the Japan Department Store Association.

Analysts expect operating profits to plummet at Takashimaya Co., Matsuzakaya Co., Matsuya Co., Isetan Co. and other department-store operators. Mitsukoshi U.L., probably the hardest hit, is likely to have a loss in the year ending in February 1994.

"Many people think that the department store will be O.K. after the economy recovers," Mr. Heaton said. "They're completely wrong." By the end of the month, he said, companies such as Watanabe and Sogo Co., another department-store operator, could even be squeezed out of their main business.

Last Week's Markets

Table showing stock indexes, money rates, and other market data for the week of August 2-8, 1993.

Advertisement for Hotel Rafael Munich, featuring the text: 'HOTEL RAFAEL MUNICH. Our impressive renovation is complete. We can't wait to show you the results. SIMPLY THE BEST. The Relais & Chateaux. The Leading Hotels of the World. TEL. (49 89) 29 09 80 FAX (49 89) 22 25 39'

Northwest Avoids Chapter 11

By Edwin McDowell
New York Times Service

NEW YORK — Northwest Airlines completed agreements with its lenders and employees, averting the Chapter 11 bankruptcy-law filing that it had said for almost a month it might have to make.

"Today we closed, signed and sealed all the loan agreements with our banks and vendors," a spokesman for Northwest said Friday. "All the deals are finally done."

The intricate restructuring package will reduce costs by more than \$1.2 billion over three years, the carrier said, and establish a new repayment schedule for more than \$1.5 billion in debt outstanding.

The bulk of that, \$1.2 billion owed to a bank group on a 1989 term loan, was rescheduled so that \$77 million is to be repaid next

year, \$131 million in 1995 and \$185 million in 1996.

Yet, even as officials and employees of the Minneapolis-based airline were celebrating their new lease on life, analysts saw possible storm clouds.

"Northwest now looks to be viable, as near as one can determine," said Phillip Bramon, high-yield bond analyst for Mabon Securities. "But no reasonable projection of internal cash flow would indicate they could retire their debt maturity in 1997."

The principal elements of Friday's agreement had been in place about a week.

Virgin Again Defies Sunday Ban

PARIS — Virgin Group PLC defied French authorities Sunday by opening the doors of its flagship Champs-Elysées store and taking its case to the people.

"The Sunday ban — we'll take it all the way!" proclaimed a banner draped on the portals of Virgin's Megastore, the giant book and record emporium that is at the center of a political dispute over Sunday trading in France.

"We're not outlaws," the store's personnel manager, Alain Lyonnet, said shortly before flinging the doors open despite the prospect of fines for flouting the law. "But we think there's a gap between legislation and reality in France."

On Friday, a Paris appeals court turned down Virgin's plea to annul a fine of 4 million francs (\$671,000) that had been imposed on the store for flouting France's 1906 law barring most forms of commerce on Sundays.

The court, however, did reduce the fine to 1

million francs, an amount about equal to the store's sales on Sunday.

"We don't believe all shops should open on Sundays," Mr. Lyonnet said, "and we're aware of the labor problems involved. But we do believe the labor should be allowed to trade on Sundays."

Most of the hundreds of people waiting outside the store, on the Avenue des Champs-Elysées, shortly before its noon opening appeared to agree. A group of men who said they were divorced fathers, distributing leaflets that said working on Sundays put strains on family life, were accosted by an elderly woman who asked, "How can you talk such rubbish when millions of young people are out of work and need the money?"

The Virgin Megastore had been allowed to open on Sundays for the past year on a trial basis. Paris authorities reimposed the ban on Sunday operations last month, but the store ignored the ban and was then sued by two unions.

MUTUAL FUNDS (Continued)

Fund Name	Assets	YTD %	1 Yr %	3 Yr %	5 Yr %
Wellington	\$1.2B	12.5	15.2	18.1	20.3
Investment	\$800M	11.8	14.5	17.2	19.5
Worldwide	\$600M	10.5	13.2	15.8	18.0
Global	\$400M	9.8	12.5	14.9	17.1
International	\$200M	8.5	11.2	13.6	15.8

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 6.

Symbol	100s	High	Low	Close	Chg
AAW	100	100.00	100.00	100.00	0.00
ABT	100	100.00	100.00	100.00	0.00
ACC	100	100.00	100.00	100.00	0.00
ACR	100	100.00	100.00	100.00	0.00
ADK	100	100.00	100.00	100.00	0.00
ADP	100	100.00	100.00	100.00	0.00
ADT	100	100.00	100.00	100.00	0.00
ADU	100	100.00	100.00	100.00	0.00
ADV	100	100.00	100.00	100.00	0.00
ADW	100	100.00	100.00	100.00	0.00
ADX	100	100.00	100.00	100.00	0.00
ADY	100	100.00	100.00	100.00	0.00
ADZ	100	100.00	100.00	100.00	0.00
ADAA	100	100.00	100.00	100.00	0.00
ADAB	100	100.00	100.00	100.00	0.00
ADAC	100	100.00	100.00	100.00	0.00
ADAD	100	100.00	100.00	100.00	0.00
ADAE	100	100.00	100.00	100.00	0.00
ADAF	100	100.00	100.00	100.00	0.00
ADAG	100	100.00	100.00	100.00	0.00
ADAH	100	100.00	100.00	100.00	0.00
ADAI	100	100.00	100.00	100.00	0.00
ADAJ	100	100.00	100.00	100.00	0.00
ADAK	100	100.00	100.00	100.00	0.00
ADAL	100	100.00	100.00	100.00	0.00
ADAM	100	100.00	100.00	100.00	0.00
ADAN	100	100.00	100.00	100.00	0.00
ADAO	100	100.00	100.00	100.00	0.00
ADAP	100	100.00	100.00	100.00	0.00
ADAQ	100	100.00	100.00	100.00	0.00
ADAR	100	100.00	100.00	100.00	0.00
ADAS	100	100.00	100.00	100.00	0.00
ADAT	100	100.00	100.00	100.00	0.00
ADAU	100	100.00	100.00	100.00	0.00
ADAV	100	100.00	100.00	100.00	0.00
ADAW	100	100.00	100.00	100.00	0.00
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ADBD	100	100.00	100.00	100.00	0.00
ADBE	100	100.00	100.00	100.00	0.00
ADBF	100	100.00	100.00	100.00	0.00
ADBG	100	100.00	100.00	100.00	0.00
ADBH	100	100.00	100.00	100.00	0.00
ADBI	100	100.00	100.00	100.00	0.00
ADBJ	100	100.00	100.00	100.00	0.00
ADBK	100	100.00	100.00	100.00	0.00
ADBL	100	100.00	100.00	100.00	0.00
ADBM	100	100.00	100.00	100.00	0.00
ADBN	100	100.00	100.00	100.00	0.00
ADBO	100	100.00	100.00	100.00	0.00
ADBP	100	100.00	100.00	100.00	0.00
ADBQ	100	100.00	100.00	100.00	0.00
ADBR	100	100.00	100.00	100.00	0.00
ADBS	100	100.00	100.00	100.00	0.00
ADBT	100	100.00	100.00	100.00	0.00
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ADBV	100	100.00	100.00	100.00	0.00
ADBW	100	100.00	100.00	100.00	0.00
ADBX	100	100.00	100.00	100.00	0.00
ADBY	100	100.00	100.00	100.00	0.00
ADBZ	100	100.00	100.00	100.00	0.00
ADCA	100	100.00	100.00	100.00	0.00
ADCB	100	100.00	100.00	100.00	0.00
ADCC	100	100.00	100.00	100.00	0.00
ADCD	100	100.00	100.00	100.00	0.00
ADCE	100	100.00	100.00	100.00	0.00
ADCF	100	100.00	100.00	100.00	0.00
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ADCI	100	100.00	100.00	100.00	0.00
ADCJ	100	100.00	100.00	100.00	0.00
ADCK	100	100.00	100.00	100.00	0.00
ADCL	100	100.00	100.00	100.00	0.00
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ADCO	100	100.00	100.00	100.00	0.00
ADCP	100	100.00	100.00	100.00	0.00
ADCQ	100	100.00	100.00	100.00	0.00
ADCR	100	100.00	100.00	100.00	0.00
ADCS	100	100.00	100.00	100.00	0.00
ADCT	100	100.00	100.00	100.00	0.00
ADCU	100	100.00	100.00	100.00	0.00
ADCV	100	100.00	100.00	100.00	0.00
ADCW	100	100.00	100.00	100.00	0.00
ADCX	100	100.00	100.00	100.00	0.00
ADCY	100	100.00	100.00	100.00	0.00
ADCZ	100	100.00	100.00	100.00	0.00
ADDA	100	100.00	100.00	100.00	0.00
ADDB	100	100.00	100.00	100.00	0.00
ADDC	100	100.00	100.00	100.00	0.00
ADDD	100	100.00	100.00	100.00	0.00
ADDE	100	100.00	100.00	100.00	0.00
ADDF	100	100.00	100.00	100.00	0.00
ADDG	100	100.00	100.00	100.00	0.00
ADDH	100	100.00	100.00	100.00	0.00
ADDI	100	100.00	100.00	100.00	0.00
ADDJ	100	100.00	100.00	100.00	0.00
ADDK	100	100.00	100.00	100.00	0.00
ADDL	100	100.00	100.00	100.00	0.00
ADDM	100	100.00	100.00	100.00	0.00
ADDN	100	100.00	100.00	100.00	0.00
ADDO	100	100.00	100.00	100.00	0.00
ADDP	100	100.00	100.00	100.00	0.00
ADDQ	100	100.00	100.00	100.00	0.00
ADDR	100	100.00	100.00	100.00	0.00
ADDS	100	100.00	100.00	100.00	0.00
ADDT	100	100.00	100.00	100.00	0.00
ADDU	100	100.00	100.00	100.00	0.00
ADDV	100	100.00	100.00	100.00	0.00
ADDW	100	100.00	100.00	100.00	0.00
ADDX	100	100.00	100.00	100.00	0.00
ADDY	100	100.00	100.00	100.00	0.00
ADDZ	100	100.00	100.00	100.00	0.00
ADDA	100	100.00	100.00	100.00	0.00
ADDB	100	100.00	100.00	100.00	0.00
ADDC	100	100.00	100.00	100.00	0.00
ADDD	100	100.00	100.00	100.00	0.00
ADDE	100	100.00	100.00	100.00	0.00
ADDF	100	100.00	100.00	100.00	0.00
ADDG	100	100.00	100.00	100.00	0.00
ADDH	100	100.00	100.00	100.00	0.00
ADDI	100	100.00	100.00	100.00	0.00
ADDJ	100	100.00	100.00	100.00	0.00
ADDK	100	100.00	100.00	100.00	0.00
ADDL	100	100.00	100.00	100.00	0.00
ADDM	100	100.00	100.00	100.00	0.00
ADDN	100	100.00	100.00	100.00	0.00
ADDO	100	100.00	100.00	100.00	0.00
ADDP	100	100.00	100.00	100.00	0.00
ADDQ	100	100.00	100.00	100.00	0.00
ADDR	100	100.00	100.00	100.00	0.00
ADDS	100	100.00	100.00	100.00	0.00
ADDT	100	100.00	100.00	100.00	0.00
ADDU	100	100.00	100.00	100.00	0.00
ADDV	100	100.00	100.00	100.00	0.00
ADDW	100	100.00	100.00	100.00	0.00
ADDX	100	100.00	100.00	100.00	0.00
ADDY	100	100.00	100.00	100.00	0.00
ADDZ	100	100.00	100.00	100.00	0.00

Symbol	100s	High	Low	Close	Chg
ADDA	100	100.00	100.00	100.00	0.00
ADDB	100	100.00	100.00	100.00	0.00
ADDC	100	100.00	100.00	100.00	0.00
ADDD	100	100.00	100.00	100.00	0.00
ADDE	100	100.00	100.00	100.00	0.00
ADDF	100	100.00	100.00	100.00	0.00
ADDG	100	100.00	100.00	100.00	0.00
ADDH	100	100.00	100.00	100.00	0.00
ADDI	100	100.00	100.00	100.00	0.00
ADDJ	100	100.00	100.00	100.00	0.00
ADDK	100	100.00	100.00	100.00	0.00
ADDL	100	100.00	100.00	100.00	0.00
ADDM	100	100.00	100.00	100.00	0.00
ADDN	100	100.00	100.00	100.00	0.00
ADDO	100	100.00	100.00	100.00	0.00
ADDP	100	100.00	100.00	100.00	0.00
ADDQ	100	100.00	100.00	100.00	0.00
ADDR	100	100.00	100.00	100.00	0.00
ADDS	100	100.00	100.00	100.00	0.00
ADDT	100	100.00	100.00	100.00	0.00
ADDU	100	100.00	100.00	100.00	0.00
ADDV	100	100.00	100.00	100.00	0.00
ADDW	100	100.0			

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London. Tel. 322 40 00. Prices may vary according to market conditions and other factors. August 6

Canadian Dollars

Table of Canadian bond prices with columns for Name, Cdn, Price, and Yld. Includes various government and corporate bonds.

Table of ECU Straights and Pound Sterling bond prices with columns for Name, Price, and Cdn. Includes various international bonds.

Table of Yen Straights bond prices with columns for Name, Price, and Cdn. Includes various Japanese government and corporate bonds.

MUTUAL FUNDS

Figures as of close of trading Friday, August 6

Large table of mutual fund prices with columns for Name, Price, and Yld. Includes various domestic and international equity and fixed income funds.

MONDAY SPORTS MOUNTAINEERING

Far From Home, Climbers Share a Purpose: Scale the Highest Point

By Ian Thomson
International Herald Tribune

CHAMONIX, France — The two climbers came from a place without mountains. In Israel there are only steep walls of rock to ascend and descend. From the heavens, they looked as stubborn as ants farming a curbside.

"Sometimes I would see a young guy in Israel who says he wants to climb, but he's never really getting it, and I can see he's going against his nature," said Hanina Kali, 33. "Then you hear him say, 'I want to climb because I'm afraid of heights and I want to take on my fear.' Well, that's not right. I climb because I think I'm good at it. If I'm good at it, then I should do it, and I should enjoy doing it."

Every January, national sporting ministries gather to negotiate an international exchange of athletes. It is decided that one nation's rowers will visit another country, if that country will agree to take on someone else's fencers, and so on and so forth, until late last month the two Israelis were shaking hands with climbers from France, Poland, Romania, Slovenia and Spain. They were gathered in

this corner of France, separated from Switzerland and Italy by the tallest peak in Western Europe, the 4,800-meter (15,780-foot) Mont Blanc, and the Alps.

"I'm 23 now, but when I was 19 I visited Switzerland, and I saw the climbers," said the other Israeli, Yehoram Doron. "They were sleeping in huts like ours. At 3 A.M. they were getting up to go climbing, while we were staying asleep. Then at 7 A.M. I was going down the grass path away from the mountain. That was when I decided I wanted to be this."

Perhaps there were 100 others like him — in all of Israel. Now he was surmounting a culture of routing 100,000 people each day into the hills and mountains of the Massif du Mont Blanc. The Israelis shared a dormitory room at ENSA, the French national school for skiing and mountaineering, which is run under a series of white roofs that look like billowing parachutes. The school is a single-minded village of lodgings, a restaurant, medical center and Europe's largest mountaineering library. The majority of its students are learning to become professional skiing or climbing guides.

The Israelis knew only that they wanted to travel from here to up there, under their own power. They experienced upon Israel's stark walls their experience two-dimensional. It was not a question of confidence, because they were confident. What they longed for was understanding. Over the next 12 days, their desire would take on another dimension.

"For people from very faraway countries, for example the Japanese and Korean people, they know about the Alps only from the books," said Patrick Cordier, the French guide who served as professor to the Israelis. "They come here with a lot of dreams about one particular story, about a certain climb or one particular climber. They want to recreate these stories. For them it is about fantasy. So now we go into the mountains, and they see that we do not exactly where we want to go. For the big mountains, there is only a small window during which you can go."

The first half-day was spent testing the skills of the 12 international climbers. The Israelis proved to be most proficient. The Israelis found that their technique was adaptable to the snow and

ice. One of their lessons was that everyone must adapt in some way, because the mountains are never constant. The weather deviates, and the danger was on different hues. A climber might want to take home to Israel his memory of a vista; he might gaze for hours, but his

"The mountain is one point. Everybody goes up to the same point."
Patrick Cordier, guide

view would change too much. He would remember not the singular image, but rather the changes.

Perspective is one motivation for Cordier. He told them about the coonans he had had for a climber from Iran who visited the international course last year. He was going to have problems with language, and perhaps problems being accepted in a Western culture. One night

Cordier played music for him from the *rebab*, an 18-string Persian instrument. The Iranian climber had not imagined finding something so personal in a place so far from home. In fact, Cordier explained, the instrument was born from mountain culture.

"Geographically speaking, the mountain is a symbol," Cordier said. "The mountain is one point. Everybody goes up to the same point. There is something special in this. It is a dimension — not a conscious one. I don't think."

The Israelis climbed with Cordier and a French student, Gilles Delouast. They worked in two, connected by ropes, moving up the face of the mountain like a pair of feet. When one fell he was saved by the rope connected to his partner.

It is hard for the Israelis to explain what they learned. Perhaps their experience can be articulated when discussing subjects other than climbing, which they now describe less like a sport and more like an art. They learned that the best climbers are not necessarily the quickest, or the most technically sound. Everything they were taught involved security and responsibility. They must feel re-

sponsible for everything — the inconsistency of the snow, the other climbers, the threat of falling rocks.

At the summit they wanted to admire their accomplishment, but Cordier told them to look down. If they congratulated themselves for too long, the mountain might trap them. They must always work quickly, with a purpose.

"It's something dangerous," Cordier said. "You have to find pleasure and harmony in the mountain, but also you can make a mistake, and you can lose your life."

"I'd like to learn about the dangers of the mountains," Kali said. "The mountains were pretty gentle with us these two weeks. When it happens, it happens. I'd like to see if I can deal with things."

Last Sunday was their day off. The Israelis and the Poles drove together up the mountain. This is probably the day that Kati will remember. He and Doron had planned to separate from the Poles and head out alone, making decisions without Cordier to guide them. They were going to stay in a hut. This time, Doron would wake up at 3 A.M. with the

climbers. "We had some tapes in the car, and we were listening to Eric Clapton," Kati said. "I really thought that was nice, that we all liked the same music. When I think of Poland and Eastern Europe, I think that it's — well, not backward. But for instance, with the Romanian climbers it was interesting. They have very old-fashioned gear. Sometimes the instructors would have to say, 'Look, that gear isn't good enough anymore.' The Romanians were apologetic, like, 'Sorry, but this is all we've got — this is us.'"

Doron added: "We were driving with the Poles, and one of them mentioned that he lives near one of the camps from the Holocaust. Really, that was it. We didn't talk about it anymore. Most of the talk was about the mountains."

The course ended Friday. By now they have returned to Israel. They plan to climb the rocks in Egypt. Now they have an idea of leading a group of Israeli climbers into Jordan one day. Not to sneak in, but to organize an exchange of climbers among the Arab countries, where they can climb to the highest point with a newfound sense of purpose.

SCOREBOARD

Major League Standings

American League			
Team	W	L	Pct.
Toronto	46	48	.487
Baltimore	41	53	.435
New York	42	50	.452
Detroit	35	56	.383
Cleveland	31	59	.341
Minnesota	43	46	.482
Chicago	40	49	.448
Kansas City	36	53	.402
Texas	35	54	.391
Seattle	34	55	.379
California	31	58	.346
Minnesota	42	49	.461
Oakland	46	41	.525

SCOREBOARD

Major League Standings

National League			
Team	W	L	Pct.
Philadelphia	47	41	.533
St. Louis	43	47	.477
Cincinnati	37	53	.410
Chicago	35	54	.391
Pittsburgh	31	60	.339
Florida	41	49	.450
New York	39	51	.433
San Francisco	37	53	.410
Astoria	45	46	.495
Los Angeles	37	54	.405
Houston	36	55	.393
San Diego	44	47	.484
Colorado	36	54	.399

Friday's Line Scores

American League			
Team	R	H	E
Boston	0	0	0
Detroit	0	0	0
Chicago	0	0	0
Minnesota	0	0	0
San Francisco	0	0	0
Los Angeles	0	0	0
Houston	0	0	0
San Diego	0	0	0
Colorado	0	0	0
Seattle	0	0	0
Texas	0	0	0
Kansas City	0	0	0
Cleveland	0	0	0
Philadelphia	0	0	0
Pittsburgh	0	0	0
St. Louis	0	0	0
Cincinnati	0	0	0
Florida	0	0	0
Atlanta	0	0	0
Montreal	0	0	0
San Diego	0	0	0
Los Angeles	0	0	0
Houston	0	0	0
San Francisco	0	0	0
Colorado	0	0	0
Seattle	0	0	0
Texas	0	0	0
Kansas City	0	0	0
Cleveland	0	0	0
Philadelphia	0	0	0
Pittsburgh	0	0	0
St. Louis	0	0	0
Cincinnati	0	0	0
Florida	0	0	0
Atlanta	0	0	0
Montreal	0	0	0
San Diego	0	0	0
Los Angeles	0	0	0
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San Francisco	0	0	0
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Kansas City	0	0	0
Cleveland	0	0	0
Philadelphia	0	0	0
Pittsburgh	0	0	0
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MONDAY SPORTS FOOTBALL

Beginning Again: Bears After Ditka

With a New Coach and New Attitude, Team Tries to Forget an Ugly Season

By Thomas George
New York Times Service

PLATTEVILLE, Wisconsin — The Chicago Bears held their annual pig roast here in training camp last week. It was a day for the locals — giddy each year over the Bears' presence — to meet the players, take pictures, obtain autographs and enjoy a first peek at just how strong or weak their adopted favorites might be in 1993.

No Bears were stuck with a fork and roasted over the coals along with the pig.

That, however, is just how the Bears felt last season, a tumultuous, trying year that saw them finish

5-11 and tied for last in the National Football Conference Central division. They lost six straight in one stretch and eight of their last nine, resulting in Mike Ditka's dismissal after 11 stormy seasons at the helm.

"Last year was very, very tough on everyone," said safety Mark Carrier, benched as a starter for two games last year after making the Pro Bowl in his first two seasons. "Guys started pointing fingers. Veterans began splitting from the younger guys."

"And many guys felt that Ditka had jumped the ship," he added, "that it was 'us' when we won and 'them' when we lost. His disposition, it just wore everyone out. He could be cruel."

No one cheapens Ditka's contributions — a Super Bowl victory in 1986, seven seasons of 10 or more victories — or the way he re-established the Bears' identity as a rugged, hit-it-you-drop, old-fashioned, hard-working club. Problem was, Ditka's image be-

Dave Wannstedt is charming, bright and warm, he has wonderful perspective and is solid in Xs and Os.

came bigger than the team's. And, true or not, the perception was that that was just what he preferred.

The players said thanks but no thanks. The Bears' owner, Michael McCaskey, said the same.

Enter Dave Wannstedt, the former Dallas Cowboys defensive coordinator, who now has his first head coaching job in football since he began as an assistant in 1975 at the University of Pittsburgh, his alma mater. Wannstedt is 41, he is charming, he is bright, he is warm, he has wonderful perspective and he is solid in Xs and Os, having shaped Dallas's defense last season into the league's No. 1 defense, despite not having one Pro Bowl player.

For the Bears, he is a hurricane of fresh air.

"He has the fortitude to challenge players," said quarterback Tim Harbaugh, "and the sensitivity not to embarrass them."

The question is, did the Bears slide because Ditka's reign of terror grew ineffective, or did they simply not match up in personnel with the rest of the division and the league?

The answers should come quickly, beginning on Sunday night when Chicago goes to play the Eagles at Philadelphia in the first preseason action for the Bears.

"I am sensitive to replacing Mike because the job he did here was special," Wannstedt said. "The nucleus of the team that won 11 games here two seasons ago is still in place. We've got talented players and we've got guys that are winners who have worked hard. That gives us a chance. The talented older guys, they can help us win one or two more games this year. But the question is do you let younger guys go that could help us win for the next 10 years?"

No doubt, change is coming to Chicago. Wannstedt may go with the veterans this season — the Bears have 11 players with eight or more years' experience — but one can look for a major overhaul after that. Wannstedt believes in youth and speed. Gone are the days when the Bears will simply try to



Minnesota's John Lee kept Jason Reed of the Bills from snatching a pass in their NFL exhibition game in Berlin. The Vikings won, 20-6.

outgoing their opponents. Nowhere will this be more evident than on offense, where the Bears' passing game is finally ready to take full flight.

Ron Turner is the new offensive coordinator and in him the Bears finally have a teacher who understands the new-age passing game. Oh, the Bears will still look to run with power but now they also plan to pass with finesse.

"Last year, we began running some of the San Francisco 49ers system but we were trying to do it without an intricate understanding," Harbaugh said. "Ron Turner understands the footwork of the quarterback and the receivers, the precision involved, the way pass routes should be run and, most importantly, he knows how to teach it."

"I have learned more in six months than I had in my whole career," he added.

Turner, who worked with the Minnesota Vikings' coach, Dennis Green, at Stanford and who was

head coach at San Jose State last year, said: "The passing game has become much more sophisticated in all of football. The pass rush is so good now that you can't hold on to the ball. You've got to have quicker, shorter routes and quicker reads. You need a three- and four-step drop instead of seven. That's what we'll be doing."

To succeed, speed is required. The Bears need more of it.

Curtis Conway, the Southern Cal receiver and kick-returning whiz who was the Bears' first-round draft choice in April, should help immediately. Running back Craig Heyward was obtained via free agency from the New Orleans Saints and he provides versatility as a blocker, runner and receiver. Running back Neal Anderson has missed more than a week of practice with a leg injury, but is a key ingredient in the Bears' new offensive plans.

On defense, solid middle linebacker Mike Singletary has retired, but end Richard Dent re-

turns for his 11th season and tackle Steve McMichael for his 14th. Tony Blaylock, a free-agent signee from the San Diego Chargers, provides experience and skill at cornerback.

The Bears need a few surprise contributors along the way and steady play from Harbaugh, who is 28-22 in the last three years as a starter. He signed a four-year, \$13 million contract in the off season.

"The fans and even my teammates have great expectations from me this year," Harbaugh said. "It's something as a professional that you have to deal with. With that kind of money, it comes with the territory. I am prepared."

Attempting to push his way into the starting lineup is defensive end Alonzo Spellman, the Bears' first-round pick in 1992 who is one of the most impressively built players in all of pro football. Spellman, at 6 feet 4 inches, 285 pounds (1.93 meters, 129 kilograms) wears a size 56 jacket, has a size 34 waist and wears size 18 shoes. He is a

budding star, just the type of player Wannstedt craves.

"I want quickness and overall more team speed," Wannstedt said. "I have a plan and it's a plan that will work. It's going to take a little bit of time and we can lose and still make progress. But losing and the Chicago Bears don't do together and I know the honey-moon won't last long."

Wannstedt gave me an opportunity at Oklahoma State, at Miami and with the Cowboys," he added, "and I watched and learned from him closely over the years. He has been a mentor and somewhat like a brother, at other times like a father. I will reflect on how Jimmy handled things over the years and try to take the good from him and use it. There is no question, the Chicago Bears will be influenced by me from that experience."

A Super Bowl title in the fourth season like Johnson and Dallas achieved and steady improvement along the way?

It is an influence the Bears would surely love.

Cowboys Tie Lions, 13-13, in U.K. Exhibition

The Associated Press

Lin Elliott missed three field goals in overtime Sunday as the Dallas Cowboys settled for a 13-13 tie with the Detroit Lions in an American Bowl exhibition game at Wembley Stadium.

Elliott missed from 38 yards, 54 yards and 44 yards as the Cowboys failed to take advantage of two Detroit turnovers in the extra period.

Third-string quarterback Jason Garrett led the Cowboys on a 59-yard drive on the opening series of overtime, but Elliott's 38-yard attempt sailed wide right with six minutes elapsed.

The Cowboys got the ball back when Chris Hall recovered a fumble by Detroit receiver Dennis Johnson at the Dallas 39-yard line. That set up a 54-yard field goal attempt which fell way short.

Dallas got one last chance when Detroit quarterback Erik Kramer was sacked by Jim Jeffcoat in the final seconds, and his fumble was recovered by Brock Marion.

With time expiring, Elliott's 44-yard kick was low and short.

It was the second overtime game — and first tie — in American Bowl history. In 1989 in Tokyo, the Los Angeles Rams beat the San Francisco 49ers 16-13 in sudden death.

Attendance was 43,522, the first time in eight years of American Bowl games at Wembley that turnout was less than 50,000. The drop-off reflects a declining interest in the sport in Britain. Fans are demanding to see a regular season National Football League game instead of a meaningless exhibition.

Vikings 20, Bills 6: Jim McMahon made his case for gaining the Minnesota starter's job by completing 7 of 9 passes for 67 yards in the Vikings' 20-6 victory over the Buffalo Bills on Saturday in Berlin.

McMahon, signed away from Philadelphia in the offseason, is battling Sean Salisbury for the No. 1 spot. Salisbury was 3-for-9 for 31 yards and an interception. Rich Gannon, the third stringer, may have made the best impression on Saturday, completing all six passes he attempted for 73 yards.

Steelers 17, Jets 13: In Pittsburgh, Boomer Esiason felt out of

SIDELINES

Bruguera Takes Czech Open Title
PRAGUE (Combined dispatches) — Top-seeded Sergi Bruguera of Spain defeated No. 3 Andrei Chumakov of Russia, 7-5, 6-4, on Sunday to win the Skoda Czech Open men's tennis championship.

In Los Angeles, Richard Krajicek of the Netherlands upset top-seeded Pete Sampras, 6-4, 3-6, 7-6, on Saturday and advanced to the final of the Volvo Tennis Classic. He was to play Michael Chang, who eliminated Chuck Adams, 6-3, 6-2, in the other semifinal. (AP, Reuters)

Chiappucci Wins Spain Cycling Race
SAN SEBASTIAN, Spain (AP) — Claudio Chiappucci of Italy won the San Sebastian Classic cycling race on Saturday, beating compatriot Gianni Faresin by just two seconds.

Chiappucci, riding for the Carrera team, covered the 234-kilometer (145-mile) course around this northern Spanish city in 5 hours, 47 minutes, 51 seconds. Alberto Volpi of Italy came in third.

Leonica Van Moorsel of Holland won the women's Tour de France on Saturday, rolling into l'Alpe d'Huez, France, after a 14-day trek from Paris. She led for most of the 12-stage race that started on July 25.

American Winner Races to Victory
EAST RUTHERFORD, New Jersey (NYT) — American Winner is again atop the world of harness racing after his victory in the Hambletonian, the most prestigious event in the sport.

With his triumph Saturday in the race at the Meadowlands, after a defeat last week, American Winner is now a race away from becoming the first colt since Super Bowl in 1972 to capture the trotting triple crown. Super Bowl is the sire of American Winner, who needs only to win the Kentucky Futurity on Oct. 8 to match his feat.

Driven by Ron Pierce and using a Chestnut sulky as his equipment for the first time, American Winner covered the mile in 1 minute, 53.4 seconds and finished almost three lengths ahead of Pine Chip.

Drummond Wins 100-Meter Event
MONTE CARLO (Reuters) — A hot, still evening provided the perfect environment for sprinters just one week before the world championships open in Stuttgart.

Jan Drummond of the United States won the 100 meters Saturday in 10.05 seconds, ahead of compatriot Leroy Burrell.

Carl Lewis, who did not run in the 100-meter event, finished fourth in the 200-meter race. It was won by Daniel Effiong of Nigeria in 20.16 seconds.

For the Record
Jim Finks, former president and general manager of the New Orleans Saints, was in stable but serious condition Saturday in New Orleans, after undergoing emergency surgery to remove a blood clot from his brain. Finks, 65, was diagnosed as having lung cancer in April.

Gerald McClellan, the World Boxing Council middleweight champion, knocked out fellow American Jay Bell just 30 seconds into the fight Friday in Puerto Rico to retain his crown. (Reuters)

Felix Trinidad of Puerto Rico stopped Luis Garcia of Venezuela, the leading contender for his International Boxing Federation welterweight crown, at 2:31 of the first round. (Reuters)

Mansell Turns 40 With Indy Car Victory

Reuters

LONDON, New Hampshire — Nigel Mansell celebrated his 40th birthday Sunday with another accomplished oval track victory in a thrilling New England 200 Indy car race.

The Briton, who started from pole position in his Lola-Ford for the fifth time this year, clinched first place when he snatched the lead from Paul Tracy of Canada with only four laps remaining. He won by less than a second in a very tight finish.

Mansell's victory lifted him 25 points clear of his nearest rival, Emerson Fittipaldi, in the Indy car World Series championship. He has 144 points to Fittipaldi's 119.

The race was an exhibition of Indy car racing at its best, and the most exciting moments came at the very end.

Mansell had been in a race-long battle with the Penske-Chevrolets of Tracy and Fittipaldi and he was in third position behind them with 33 laps remaining.

That was after the third and last yellow flag cautionary period of the race had bunched the field together.

Mansell closed the gap and then passed Fittipaldi, who finished third, and Tracy with two dashing moves.

For Mansell it was a perfect way to mark his birthday and his family was waiting to greet him as he

Fowler Overcomes Woosnam to Win Munich Golf

Compiled by Our Staff From Dispatches

MUNICH — Peter Fowler of Australia finally made his European Tour breakthrough on Sunday by shooting a final-round 63 to win the BMW International Open.

Fowler, a frequent runner-up, came from three strokes behind to beat Ian Woosnam, the overnight leader, by three shots with a 21-under-par aggregate of 267.

Woosnam shot a final-round 69 despite missing three 1.5-meter (four-foot) putts. Although disappointed with second place, the Welshman jumped from 17th to 10th in the European points table for next month's Ryder Cup.

Anders Forsbrand of Sweden, joint third on 271 after a 65, also improved, from 15th to 12th in the standings. He would be the first Swede to play in the Ryder Cup.

Bernhard Langer of Germany, Gary Orr of Scotland and Peter Mitchell of England shared third place with Forsbrand.

The Swede had six birdies in the space of seven holes and set the clubhouse target with his 17-under 271, which Langer matched with his 66, Mitchell tied with a 67 and Orr with a 69.

It was Fowler's first victory on the European circuit, although he was declared the individual winner of the 1989 World Cup in Spain when it was cut to 36 holes because of rain.

Fowler, second six times on the Tour, said: "It's good to get the first win out of the way. Then people do not ask you when you are going to win."

He birdied the first hole and bogeyed the second before birdies at the fifth and sixth "kicked" him "along a bit." But it was his run from the ninth that clinched victory.

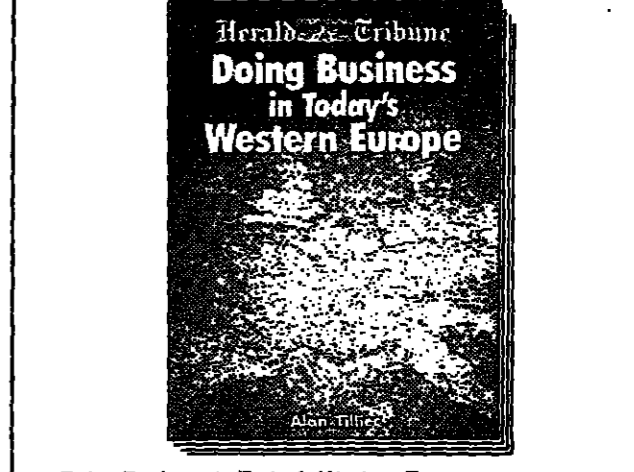
First, he hit the stick at the long ninth with a three-wood approach and held from three feet for an eagle three. Then he had four successive birdies to take a two-shot lead. He also birdied 18.

Fuzzy Zoeller took a giant step toward his first PGA Tour victory in seven years when he burst to a commanding four-shot lead after the third round of the \$1 million Buick Open on Saturday in Grand Blanc, Michigan.

Zoeller played a flawless round, hitting all 18 greens in regulation and rolling in six birdies for a six-under-par 66 in ideal conditions on the rain-softened Warwick Hills course. He stood at 16-under-par 200 and headed into the final round with a four stroke advantage over Larry Mize, the overnight leader, who carded a 71.

(Reuters, AFP)

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Elitism, Biology and the Essence of Art

International Herald Tribune

LONDON — Neither the probity of this large man with the pendulous lower lip could be in doubt, nor his devotion to his wife of 57 years who calls him "Papsi." But Sir Ernst Gombrich likes to refer to his double life. Double because he is both the author of a huge best-seller and a greatly esteemed art historian. His best-seller is not a pseudonymous thriller but "The Story of Art."

MARY BLUME

now in its 15th edition since 1950, with sales exceeding one million copies and translations in more than 20 languages. As a scholar he has been longtime director of London's Warburg Institute, Slade Professor of Fine Art at both Oxford and Cambridge, lecturer at leading European and American institutions, and author of many learned studies.

"There was a lot of unemployment, particularly among intellectuals," he has said of post-World War I Vienna, where he was born in 1909. "People could not find jobs. It is one reason why they became so learned."

An amiably Olympian figure, Gombrich lives in a cozy Hampstead house filled not with pictures but with books (he says he is not a particularly visual person). A cello-playing Central European intellectual, he is nonetheless treasured by the notoriously philistine English Establishment, not only knighted but awarded the exclusive Order of Merit.

"Maybe the English are not as philistine as you think," he says. "Some are and some aren't." In addition to loftier honors, he was invited on the popular BBC radio program "Desert Island Discs," an which a celebrity castaway chooses eight records to get through the imaginary ordeal, a book and a luxury. Gombrich's book was the poems of Goethe, his luxury a bathtub because that is where he writes.

Gombrich's approach is neither that of the historicist nor the connoisseur: Rather than a method he seeks standards equally accessible to a first-time museum visitor or a specialist. "My ambition is to explain. To look at the development of art from a slightly greater distance."

His distance allows him to go against current tides. He has said he is no friend to modern art, he defends a degree of elitism, and he is often criticized for not including a single female artist in "The Story of Art." This, he says, is the most famous criticism he has encountered.

"My answer is always how do you know? How do you know who made the Bayeux tapestry and all those miniatures; and who cares? I have asked whom I should have included. Berthe Morisot? Well, next to Manet it's not worth it. It's the most astounding sort of political correctness."

"The Story of Art" begins with the sentences, "There is really no such thing as Art. There are only artists." By this he means there is no essence of art, simply various definitions. "Art," he points out in an 18th-century notation: Leonardo would never have divided art and science. "I use the word 'art' when the performance becomes as important as the function, or more important," he told the French writer Didier Eribon in a recent collection of conversations, just out in Britain under the title "A Life-long Interest" (Thames and Hudson), already published in France and the United States, and soon to appear in Spanish, Italian and German.

The division of art and science was unthought of in Gombrich's Vienna which had a wider concept of Bildung



Sir Ernst Gombrich: Getting back to the beginning.

or general culture. His own chief influences have included his friend the philosopher Karl Popper, the zoologist Konrad Lorenz and psychologists. "My approach is always biological. I always try to get back to the beginning," he told Eribon.

"When I say biological I don't mean the biological priority is everything," Gombrich adds now. "I only mean that we must not omit what we have in common with the animals." His interest in psychology centers on the study of perception. His book "Art and Illusion" is subtitled "The Psychology of Pictorial Representation," by which he means what happens when someone sits down and tries to paint what is in front of him: "A picture is a hypothesis which we test by looking at it."

As a schoolboy Gombrich was equally interested in natural history and Egyptian hieroglyphics. He is old enough to remember the dissolution of the Austro-Hungar-

ian empire and to have nearly starved after World War I (there were five degrees of starvation, he reached stage four). His father was a distinguished lawyer who had been a boyhood friend of Hugo von Hoffmannsthal. His mother was a pianist (Gombrich's wife was her pupil) who had heard Brahms, studied with Brodner, known Mahler, and played trios with Schönberg whom she didn't much like because he didn't keep time. Nor did she care for Freud, except for his Jewish jokes. On "Desert Island Discs" Gombrich's first choice was his mother, aged 80, sprightly playing Bach's Prelude in C Major.

Gombrich's first book was a history of the world for children, written in six weeks. It still sells well in Germany. Invited to prepare the works of the Renaissance scholar Aby Warburg for publication, he moved with members of the Warburg Institute to London in 1936. Family members who stayed behind perished.

The events he has seen as well as his world view have made him reject the idea of progress and the concomitant notion of decadence. "Decadence is in itself a biological metaphor, no more and no less. I am not sure that art can in that sense be decadent."

Nor does he accept systems that postulate a spirit of the age of which art, philosophy and social structures are an expression. "What I wanted was to go back to a more human individual level. I have always been very critical of any form of collectivism." In any case, he says, our knowledge of history is always incomplete.

He defends elitism, or selectivity as he prefers to call it, by pointing out that it has always existed — "it has rather to do with a pecking order, that's biology again" — and that it has more to do with human achievement than human value.

"I may know Italian better than someone else but that's not elitism, that's a fact. It doesn't mean that I have more rights than someone else. One can certainly be against privileges without being against the notion that there must be a selection of experts or people who are better in certain things than others are."

Conventional elitism and the idea of progress have created a fascination with the avant-garde, or vanguard, which Gombrich also rejects.

"The avant-garde means that those who don't approve of the latest trend will be left behind by history. It has a lot to do with the creed that goes back to the Romantics — that history itself is the voice of God, that we are blaspheming if we resist the force of history."

"Last week, I had a public discussion with a very old friend of mine, Quentin Bell, on the Cult of Outrage because recently there have been a number of disgusting scatological exhibits and the art critics were sitting on the fence and not daring to say this is rubbish, so I thought why shouldn't I say this is rubbish and I did."

Gombrich is at present working on a series of films about perception, using ordinary objects in his household, for the Getty Museum. He is also writing a book on texture and light with an American naturalist painter, and a study called "The Preference for Primitivism."

As a popularizer (after an overworked Monet show in London, a friend said accusingly to him, "It's all your fault") and as a scholar Gombrich does not believe in systems but in the reality of values. Titian, he says, would be great even if no one looked at his paintings. Although he claims people no longer read books, he cannot help writing them.

"What am I going to do?" he says. "I am old and I can't suddenly do something else."

LANGUAGE

Unblock That Metaphor!

By Cathleen Schine

NEW YORK — I have been thinking about metaphors lately, and I think you should think about them, too. I have been thinking that the dying metaphor deserves to live.

In his classic 1946 essay, "Politics and the English Language," George Orwell made a simple division: There is the dead metaphor, which no longer evokes any visual image at all. The dead metaphor has been around so long that it has reverted; it is now just an ordinary word.

"Brand-new" is one example. When I've thought about it, which is not very often, I've assumed it was an expression that had something to do with Madison Avenue thinking up new names for old products, or new products for old markets. But the dictionary says it probably derived from a "brand," that was a piece of wood burning on a stove and so meant, originally, fresh from the fire. And there's a "dead-end" — a dead-end is something I have never looked forward to. I just never realized why. It means a line around a prison beyond which a prisoner will be shot.

But what about Orwell's other category, the dying metaphor, passing uncertainly, neither ordinary word nor vivid image? Dying metaphors disgusted Orwell. Euphemism, vagueness or any kind of lazy, unthinking use of ready-made phrases covers up meaning, often brutal political truths. And dying metaphors are nothing if not euphemistic, vague, lazy, unthinking and ready-made.

Still, dying metaphors will always be with us, for metaphors must make their way from newborn to corpse somehow. They cloak not only the politicians' brutal designs; they cloak ordinary thoughts and intentions as well. But what do they cloak then? Odd, intriguing figurative speech. Look beneath the metaphor to the true meaning of a statement. Clarity is intellectual morality. But then, for the sheer joy of it, look at the cloak itself, at the dying metaphors. They, too, are poetry, and we are poets because of them.

I am often accused of "flying off the handle." What does that mean? It used to mean, to me, that some member of my family was insensitive, unsympathetic, uncooperative and unresponsive. Now, I see myself flying through the air, flung from the handle of an axe like a loose blade, sparking steel cutting through the blue of the bright sky, soaring, noble and alone, toward the heavens! My life has been considerably enriched.

Some years ago, I experienced a metaphor epiphany while watching "Chariots of Fire." On the screen, one of the skinny young men in flapping white shorts drew a line in the dirt with his foot, then carefully stood, placing the toe of his primitive running shoe against that line. The music began pumping, the scrawny Brits in their underclothes ran like gods, emotions soaring, mine among them — "Toe the line!"

I forget who won the race. But I'll never forget that moment — an awakening, a usage revelation. Unblock that metaphor! My mother, left with the dog when my brother and I went off to college, called me, one evening, miserable, and said, "The dog is... stopping my steps." Pause. "He's hounding me, too!"

cried out in excitement of her linguistic discovery. And so, understanding, she forgave.

"Toe the line" was one of Orwell's examples of a dying metaphor. It has so thoroughly lost its pictorial power, he wrote incredulously, that it is often written "tow the line." Until my "Chariots of Fire" epiphany, I, knowing full well how to spell it, had nevertheless written its meaning as "tow the line." But it was a picture: a downtrodden, oppressed sort of fellow in a blue peasant blouse, a rope over his bent shoulder, hauling a large heavy with its cargo of conventions, rules, expectations.

Now here's a question. In a recent article on women in film, a high-level female producer was quoted in this way: "You do have a responsibility to make movies that are commercial, and you do try to tow the studio line." Was she misquoted? Did she in fact say "toe the studio line"? Very likely. But perhaps, on the other hand (a lovely dead metaphor: "on the other hand"), perhaps she never saw "Chariots of Fire" or read "Politics and the English Language." In which case, she might have imagined, as she speaks, a downtrodden, oppressed sort of female producer in high heels, a rope over her bent shoulder, hauling a large heavy with studio conventions, rules, expectations.

I don't know the answer to my question, but I think that for many reasons, including all those downtrodden folk unnecessarily hauling all those barges when they could simply be standing with their toes neatly aligned, we should revive the dying metaphor.

I used to think a potato was a book that bubbled with sex and intrigue. A beach book. Now I know the reference is not to the book but to the author's boiling pot, bubbling with meat and potatoes earned through his back-labors, writing, you know — a beach book.

One can become overenthusiastic, it is true. I interpreted "Curse! Felled again," to mean "Curse! My opponent's arrow, flexible sword has touched me again!" Then I looked up "felled" in the dictionary. It means... felled. But so what?

The dying metaphor gives to the world a fresh and vivid sense of absurdity. We are stuck in the mud, stabbing in the dirt. Think what a stick in the mud, really is. Fat! And think, now, what your tongue in a living body of language, nifty, handy, tongue in check. You can have a belly full and go belly up, stomach one thing, pain off another. Headstrong, botheaded. And best of all, check by jowl. Fine, strong, a check by a jaw. Very close indeed. We're homesick one day, suffering from cabin fever the next. We're windbags or razor-tongued. There is a preposterous, literal-minded grandeur to the deconstructed dying metaphor, a quality otherwise found only in Greek myths and Saul Steinberg's drawings.

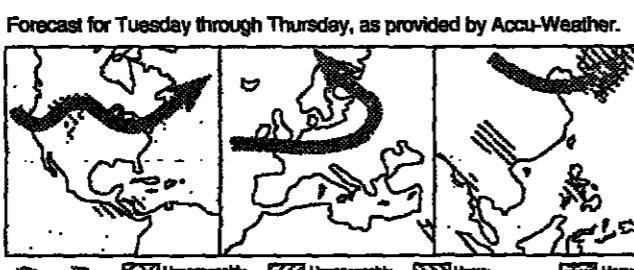
Cathleen Schine, a novelist and author, most recently of "Robbin's Niece," a satire of New York intellectual life, is living in for William Safire.

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WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Table with weather forecasts for Europe, including cities like London, Paris, Rome, and Moscow.



North America: Warm with some sunshine from Boston to New York City Tuesday, then a may thunderstorm Wednesday. Typical summer weather in Los Angeles this week with morning clouds then afternoon sunshine. Tropical Storm Bret will likely hit Mexico and Honduras Tuesday into Wednesday.

Table with weather forecasts for Asia, Africa, and Latin America.

Table with weather forecasts for Oceania, including Sydney and Melbourne.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Clues include "1 Like Nestor", "22 Louis XIV, a g.", "43 Obiterate", "44 Spumante", "45 Whippersnapper", "46 Volumes", "47 Region", "1 Living-room piece", "2 Truant G.I.", "3 An art sci.", "4 An enzyme", "5 Slow ballet dance", "6 Cold-cut cr.", "7 Organic-garden need", "8 Suffic for hero or poet", "9 Hand holiday", "10 Site of Acropolis", "11 Superhero's girlfriend", "12 Tight", "13 Measures of resistance", "14 Born behind", "15 Pride of Philip II", "16 Residence", "17 Rajah's spouse", "18 Forbidden", "19 Big city in Japan", "20 Avicentric one", "21 Facing an advancing glacier", "22 Caric of Celine", "23 Luscious", "24 Bumbringly", "25 Kidnapped" auth., "26 Go away!", "27 Composer", "28 Knochelstein", "29 Winniepig is lit capital", "30 Famed nuclear scientist", "31 Actor Blore", "32 Nicholas or Peter", "33 Victor Luzzo's wife", "34 Actor Mische", "35 Corner", "36 Kett in the comics", "37 Abbreviated explosive", "38 Stole".

If you're going to travel all over the map, here's how to call from almost any point on it.

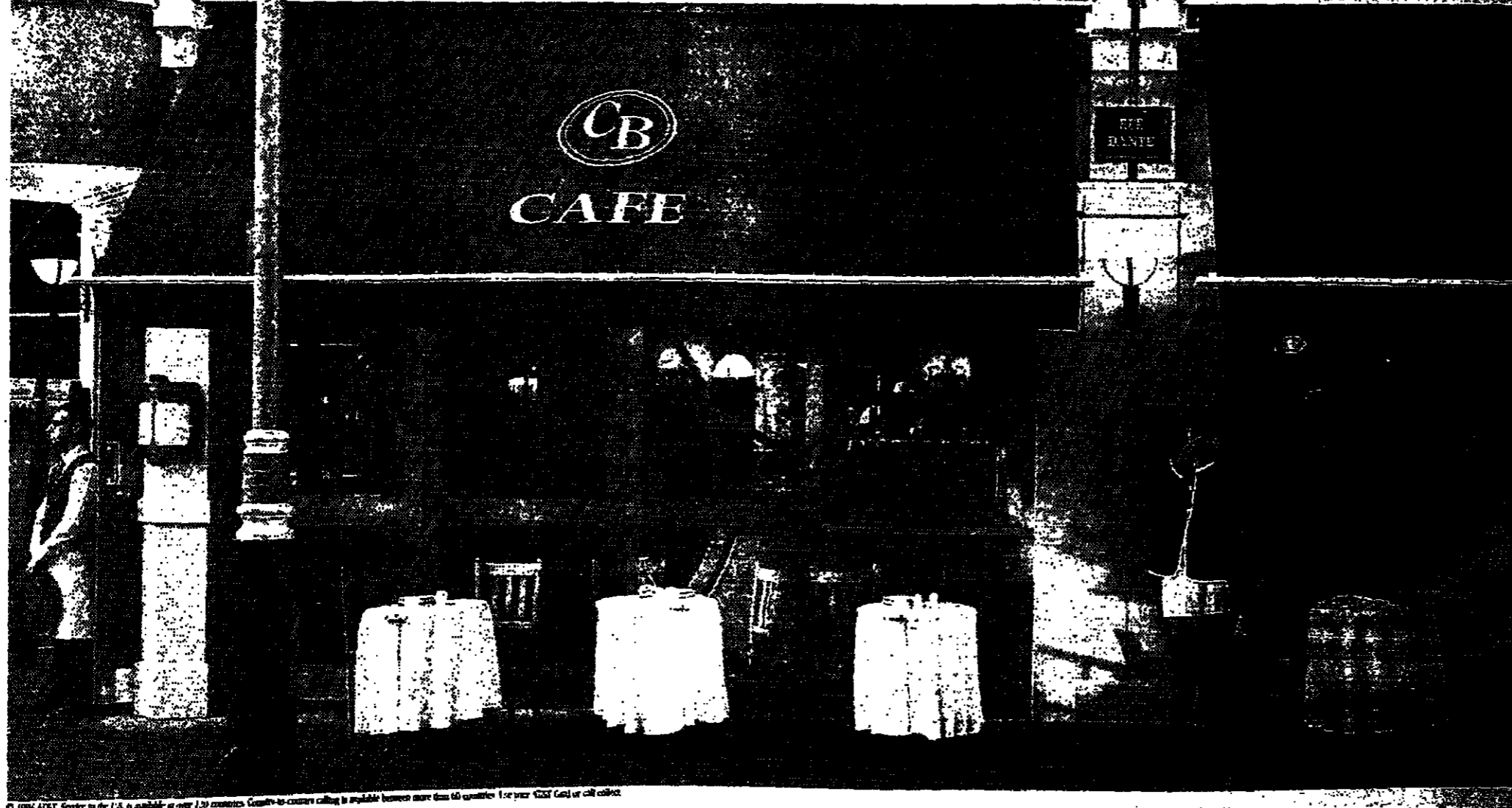


Table of AT&T Access Numbers for various international destinations, including London, Paris, Rome, Moscow, and many others.